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DUN'S REVIEW

Published by
DUN & BRADSTREET, INC.

ESTABLISHED 1841

Thirty five cents

October 1942

LXIV of a series of Century old cities - Augusta, Me.



America must have

20 MILLION

more Fighters

AMERICA as yet doesn't know its own strength. But America does know its own needs.

At the beginning of the year the nation's total labor force was 55 million. During 1942, employment on war production must increase from 6,900,000 to 17,500,000. In 1943 this figure will go beyond 20 million. At the same time the armed forces may be expected to add from five to eight million and the harvest of increased war crops will require additional millions of workers.

For every tool designer now available, 15 more are needed. For every toolmaker, 31 more must be trained. One ship's plate-hanger is available where 62 are needed and one crane rigger where 22 are required. And do not think that aircraft production is at the peak for 48 skin men are wanted for every one now available.

Thus, York is conducting a Manpower Survey throughout its headquarters plants and offices, branch plants and field offices. For York is finding out what its real war strength is . . . and now!

Among the more than 100 skills urgently needed in war work, the York Survey is discovering many where least expected. A master die-maker has been doing sales contact work in the field. Mechanical engineers who have been doing sales work are equipped for designing, production planning and shop executives' jobs. A clerk whose hobby is mathematics can help by bringing his talent to bear on factory time studies.

The returns, still incomplete, are reassuring on two points. First, York war production can be stimulated still more by readjustment of present personnel. Second, York people in the field who no longer can serve peacetime commerce and industry will find essential work, *and plenty*, within the York organization.

Manpower surveys and manpower readjustments must sweep all industry so that America may know her strength and apply it where it will do the most good. York Ice Machinery Corporation, York, Pa.



A copy of the questionnaire used in the York Manpower Survey will be sent to any executive requesting it on his firm's letterhead.

★

YORK REFRIGERATION AND AIR CONDITIONING FOR WAR

HEADQUARTERS FOR MECHANICAL COOLING SINCE 1885



DAILY KENNEBEC JOURNAL

This Month's Cover

AUGUSTA, ME.



The Indians called it Koussinoc when white men from Plymouth Colony reached the headwaters of the Kennebec along about 1628 to barter wampum for corn. Actual white settlement was not begun however until 1754 when the British erected a fort here. Called Harrington it was incorporated a town in 1797 and two years later became the county seat. Augusta was chosen the capital in 1827 and in 1831, when the State house was completed, it became the seat of government. A city charter was obtained in 1849.

In 1854 perhaps the city's most illustrious citizen, James G. Blaine, made his home in Augusta after he married Harriet Stanwood, a local girl. From teacher, editor, and State politico and one of the founders of the Republican party, he went to Washington to sit in the House, the Senate, and to serve as Secretary of State in a brilliant career that was twice stopped just short of the Presidency. The present executive mansion at Augusta is the former home of the "Plumed Knight."

The population is 19,360. Augusta's 20 manufacturers produced goods valued at \$8,398,086 in 1939. Retail sales totalled \$8,939,000 in 294 stores; 24 wholesalers did \$3,548,000, and 94 service establishments took in \$421,000. Manufactures include cotton goods, paper and lumber products, printing and publishing, shoes, and mattresses.

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Editor of DUN'S REVIEW

Published monthly by DUN & BRADSTREET, INC., 290 Broadway, New York, N. Y. . . . Vol. 50, No. 2174. . . . \$4 a year. . . . Member Controlled Circulation Audit. . . . Copyright 1942 DUN & BRADSTREET, INC. . . . Printed in U.S.A. . . . Frontispiece "The Blacksmith" by Lambert from Lewis.





HOBART

Business and the War—II

THE TREND *in* TRADE *and* INDUSTRY

THE RESULTS OF A SURVEY, SUMMARIZED BY

WILLIAM HAYES

Research & Statistical Division, DUN & BRADSTREET, INC.

*T*HIS is the report of an experiment in mass prophecy by business men. It is a summary of how retailers and wholesalers think their sales in the current half year will compare with those of the last half of 1941—and why they think so.

Such a composite view of the outlook is far more useful than most prophecies. For what business men believe may happen to their business often influences what does happen. It is important, therefore, not only to other business men, but also to the Government (whose responsibility for directing economic activity is increasing) to know what proportion of retailers are gloomy, and what proportion find the future full of promise. It is equally important to know the reasons for these

views—whether they are due to higher wages, rationing, good crops, shortages, defense orders, over-selling, or swollen inventories.

These forecasts of business men were obtained as part of a DUN & BRADSTREET survey undertaken in July (see table 1). Questionnaires were sent to retailers and wholesalers, the bulk of them by mail, some of them by personal call of DUN & BRADSTREET reporters. Most of the 15,000 responses, of which about 10,000 gave opinions on the outlook for sales, were obtained by the reporters during their calls and brought back by them; only a small proportion were received by mail. It is believed that the respondents constitute a representative cross section of American distributors.

It is realized that there is a possible bias in the replies. Business men are habitually, constitutionally, necessarily, optimistic. If they were not so, most

of them would not be in business. But it may be assumed that this optimism is common to all trades; and that the comparison of the degrees of optimism prevailing in different lines provides a reasonably good index of the relative prospects for those lines.

No extravagant enthusiasm is evident anywhere. Although employment, wages, and incomes of all types are increasing, and purchasing power is probably more abundant and better distributed than ever before in the history of this country, only about three of every eight distributors expect sales in the last half of 1942 to be larger than in the like period of last year. Almost an equal number expect volume to be smaller. And the remainder expect no change.

This, surely, does not reflect war-boom psychology. It does not even seem to be wishful thinking. It is sober

In part I of this article published in September, retail sales, inventories, and debts for the first six months of 1942 were compared with the same period in 1941. A manufacturers' forecast of sales for the last half of 1942 were compared for the same 1941 period.



realism. Retailers and wholesalers are aware of the realities of war and are prepared to make whatever sacrifices are required. Says one shopkeeper, "I, as an American citizen, stand ready to furnish Uncle Sam with all stocks in my store if and when needed by him, at cost or below cost if necessary. And when Uncle Sam wants me again, same like World War I, I stand ready and raring to go."

The differences between the prospects for the different trades, as shown by the accompanying tables, are revealing. The most optimistic trades—those retailing dry goods and clothing—are, with few exceptions, the trades which reported the largest sales gains in the first half of this year.¹

Retailers in most of these lines have, in the last year, substantially increased their inventories. Manufacturers' productive capacity is far in excess of normal civilian demand—provided the raw materials can be obtained. There has, therefore, been no particular problem of shortages in the distribution of textiles and apparel as yet.

The reasons for expecting higher sales are familiar. Prices are higher; wages are higher; there is less unemployment; war orders in local plants have increased payrolls and population; there is a military post or camp nearby;

¹ See "Business and the War," *DUN'S REVIEW*, September 1942, p. 13.

crops are good and farm prices are high; more people are buying at home; competition is less intense; new industries have located in the community.

Retailers of men's and boys' clothing report a much less favorable prospect than other clothing trades, after (and apparently because of) the best sales increase of any retail line in the first half of the year. Says one merchant: "There was a rush of buying during the first part of this year due to the publicity given to the cuffless trousers suits and the possibility of rising prices. There were a lot of suits sold during February and March which will take the place of suits which might have been sold this Fall."

Lose Best Buyers

An equally important reason for expecting reduced sales is that "so many of the younger men have been called to service in the army and so many more expect to be called any time. The clothing volume is with the younger men. What is left is the conservative men who do not buy highly styled clothing—nor do they buy as liberally and as often."

Department stores and variety stores view the immediate future with considerable confidence, due to the substantial stocks of merchandise that they have built up. Drug stores also, but for a different reason. "Due to curtailment

of auto transportation and higher salaries," writes a druggist, "we see an abundant market for retail drugs. Those with surplus purchasing power will tend to be more willing to trade at local stores where the service will be better with a slightly higher price schedule than in the more competitive downtown stores. There has been virtually no difficulty in obtaining fast turnover and essential drugs and patents, while prices on the important turnover items have not appreciably risen."

In the food trades—bakeries, groceries, meat markets, drinking places (most of which sell food)—the proportion of concerns which expect no change in volume is higher than in any other group. In part this may be because of the staple nature of the products carried; in part it is doubtless the result of particularly large volume in the last half of last year. There was a good deal of "panicky buying" especially of canned goods, in the closing months of 1941 and the first half of 1942, and "customers are now saving money and using the large amount of merchandise previously purchased." A dollar volume unchanged from last year, of course, really means a decline in unit sales, since prices have advanced substantially in the last twelve months.

Far down the list which ranks retail lines by the proportion of optimistic



CUSHING

members are the "shortage" trades—automobile accessory stores, hardware stores, garages, radio stores, filling stations, lumber and building materials dealers, farm implement dealers, household appliance dealers, and motor vehicle dealers—most of whom expect lower sales simply because they cannot get the merchandise to sell. Yet they are far from gloomy. In the trade which is most unanimous in expecting lower sales—motor vehicle dealers—there is a remarkable display of courage and fortitude in the comments:

"Our plans are to keep our inventories down and if necessary to move into a hole in the wall and operate a parts and service establishment."

"We have adjusted our overhead to the volume of business available, and with our inventories in good shape, we are ready for the next 18 to 24 months."

"The attitude of both Government and public toward maintenance and repairs assures a volume controlled only by the available man power of qualified caliber. We expect to survive and continue."

"Service and parts sales have increased approximately 33 per cent. New car sales were never very profitable."

"We have cut the force from 22 to 9. My plan is to go back into the air force as soon as they will take me. Will leave eight men to carry on. The gamble I

am taking is that all the rubber will not be taken in the war effort; then when I return there will be a business of some sort however small it may be."

One dealer has already gone into the assembly of heavy machinery; another has started to make tools, jigs, and dies. The varied ways in which these men have met the difficult situation is a heartening example of American ingenuity and persistence.

Trades which are not particularly affected by shortages, but which, nevertheless, expect smaller sales in the current six months, give a variety of reasons. Coal and ice dealers report

that "as a result of the Government's advice to 'put coal in early,' the greater part of our Summer business came in the first half of the year," and sales will probably "fall off considerably after August." Furniture stores are well stocked, but find their business curtailed by the regulation of installment credit, the scarcity of some formerly important items such as refrigerators, the decrease in the number of young married couples setting up housekeeping, and the virtual elimination of new building. Paint and glass stores are also hard hit by the lack of new residential building.

I. SALES FORECASTS BY RETAILERS

Expected sales for last half of 1942 vs. actual sales same period 1941

TRADE GROUP	PERCENTAGE OF CONCERNS ANTICIPATING			RESPONSES	PER CENT MENTIONING SHORTAGES*
	INCREASE	NO CHANGE	DECREASE		
Family Clothing	64	22	14	233	6
Dry Goods and General Merchandise	63	25	12	582	11
Women's Ready-to-Wear	63	25	12	587	6
Shoe Stores	62	25	13	357	6
Variety Stores	59	26	15	193	23
Drug Stores	56	31	13	617	12
Department Stores	55	27	18	85	9
Farm and Garden Supplies	53	22	25	212	16
Bakeries, Caterers	52	39	9	82	6
Men's Clothing	49	26	25	691	6
Grocery and Meat Markets	47	34	19	832	17
Restaurants	47	28	25	233	9
Jewelry Stores	45	26	29	177	28
General Stores (with food)	40	23	37	394	18
Grocery Stores	37	46	17	409	11
Meat Markets	35	47	18	139	16
Drinking Places	34	39	27	139	4
Coal and Ice Dealers	30	25	45	325	15
Auto Accessories	26	25	49	187	49
Furniture Stores	26	21	53	652	40
Hardware Stores	24	27	49	462	54
Garages	23	18	59	132	60
Paint and Glass Stores	22	27	51	138	20
Radio Stores	19	21	60	88	56
Filling Stations	17	17	66	498	59
Lumber and Building Materials	10	14	76	647	62
Farm Implements	8	13	79	84	74
Household Appliance Dealers	7	12	81	244	79
Motor Vehicle Dealers	4	11	85	480	82
ALL REPORTING CONCERNS	38	25	37	9,899	29

* Refers to shortages (actual or expected) of merchandise, man power, gasoline, or rubber.

II. SALES FORECASTS BY WHOLESALERS

Expected sales for last half of 1942 vs. actual sales same period 1941

TRADE GROUP	PERCENTAGE OF CONCERNS ANTICIPATING			RESPONSES	PER CENT MENTIONING SHORTAGES*
	INCREASE	NO CHANGE	DECREASE		
Clothing	43	31	26	118	3
Groceries	41	31	28	133	6
Machinery and Equipment	36	25	39	137	20
Dry Goods	31	27	42	115	3
Hardware	26	17	57	126	12
Petroleum and Products	22	21	57	105	30
Automotive Equipment	19	29	52	238	23
Electrical Goods and Appliances	22	15	63	170	19
ALL REPORTING CONCERNS	28	25	47	1,142	15

* Refers to shortages (actual or expected) of merchandise, man power, gasoline, or rubber.

Wholesalers' sales prospects, as reported in this survey (see table II) differ considerably in degree from those of the retailers to which they sell. A much smaller proportion of the wholesalers of clothing and dry goods, for example, expect increased sales than is true of retailers of these products. This may result from the expanded inventories of retailers in these lines, or may simply reflect the fact that clothing retailers normally buy the major proportion of their requirements direct from manufacturers.²

Wholesalers of electrical goods and appliances are more optimistic about sales for the current half year than are retailers of household appliances. This doubtless is the result of the different levels of inventories at the wholesale and retail stages of distribution. It may also be because wholesalers of electrical goods carry electrical industrial supplies as well as household appliances, and retailers of household appliances retail some appliances, such as ranges, which are not electrical, and some, such as electric refrigerators, which are not usually bought through wholesalers.

Toll of Shortages

Actual or expected shortages (of merchandise, man power, gasoline, or rubber) were mentioned frequently as reasons for anticipating lower sales in the current six months. More than three-fourths of the retailers who look for a decline in volume say it will be caused by such shortages.

The percentage of wholesalers who mention shortages is much smaller, principally because the questionnaire form used for wholesalers requested only forecasts of sales, whereas that used for retailers asked also for reasons.

The trades with the gloomy prospects are not, in general, those which would be selected for "streamlining," were the Government deliberately undertaking to strip our economy of frills and release men for war. Instead, they

are bystanders who are hit by the stray missiles of shortages and regulations. When and if the Government begins to make an effort to remove the "frills" and "fat" from our distribution system,

there are a number of other trades likely to be considered for action.

In the meantime, the lines which are hurt are not receiving or expecting much help from the Government. Such

III. PROFIT STATUS OF MANUFACTURERS—A COMPARISON

Concerns reporting profits

INDUSTRY GROUP	FIRST HALF 1942 D. & B. SURVEY (VOLUNTARY SAMPLE)			FULL YEAR 1940 U. S. TREASURY STATISTICS* (ALL REPORTING CORPORATIONS)		
	Concerns Reporting	Per Cent with Profit	Rank	Concerns Reporting	Per Cent with Profit	Rank
Machinery (except electrical) . . .	408	95	1	5,798	66	3
Iron and Steel	464	94	2	6,580	69	1
Paper	115	93	3	2,173	68	2
Apparel	480	92	4	8,358	50	12
Electrical Machinery	148	92	5	1,774	60	5
Textiles	243	91	6	4,771	56	6
Leather	128	90	7	2,108	54	8
Chemicals	284	89	8	6,771	51	11
Lumber and Timber	119	88	9	2,625	61	4
Furniture	295	88	10	4,462	54	9
Food	577	87	11	13,352	53	10
Stone, Clay, and Glass	140	81	12	3,468	56	7
Printing and Publishing	330	75	13	11,329	50	13
ALL REPORTING CONCERNS	3,731	89		73,569	56	

* Figures from preliminary pamphlet "Statistics of Income for 1940," compiled by the U. S. Treasury from corporate income tax returns for that year.

HOBART



² See "Who Supplies the Retailer?" DUN'S REVIEW, July 1942, p. 11.

help has thus far been reserved for manufacturers, not distributors. Of course, retailers would like some easing of Government regulations, but all they really look for is fewer and clearer regulations in the future. At present they say "there are entirely too many rulings for any layman to be able to know what does affect his business."

Most retailers hope for some easing of competition as the "weak sisters" succumb, enough men and merchandise to keep their own enterprises going, and—perhaps—a profit. What DUN & BRADSTREET's figures show as to the number who are realizing the modest ambition to stay in business under such trying conditions will be discussed in the November issue of DUN'S REVIEW.

II. Profits and War

War imparts to business a feverish activity which is sometimes confused with the ruddy glow of health. Just as army life builds men's muscles, so wartime business gives the illusion of temporarily strengthening the sinews of commerce. But some business constitutions, like some human physiques, are not rugged enough for the rigors and hardships of war. They are hurt, not helped, by regimentation.

Some concerns, for example, are being crushed by rising costs against price ceilings. Others, particularly large and successful corporations, are suffering from the deep gashes cut in their earnings by taxes. Still others are suffering from the malnutrition and semistarvation of shortages and rationing.

To determine the location, extent, and degree of the wounds business has sustained during the first six months of our participation in the war, DUN & BRADSTREET in July asked several thousand concerns whether their operations in the first half of the year were profitable, losing, or on a break-even basis.

The replies, most of which were obtained by DUN & BRADSTREET reporters in personal interviews, with a minor proportion by mail, are summarized in

tables III, IV, and V. For comparative purposes figures for as many corresponding lines as could be obtained from the U. S. Treasury's preliminary "Statistics on Income" of corporations in 1940 are listed in parallel columns.

The limitations of this comparison are obvious. The responses to the DUN & BRADSTREET survey, being on a voluntary basis, naturally contain a certain amount of bias in that profitable concerns are much more likely to report their status than are those who

are losing. Such factors, plus the more stimulating business climate prevailing in 1942, explain the marked difference between the percentages of profitable concerns in 1940 and 1942. To make the comparison easier, despite this spread, the trades have been ranked, those with the largest percentage of profitable concerns coming first.

Widespread profitability of operations in the first half of 1942 is indicated. Eighty-nine per cent of the

IV. PROFIT STATUS OF RETAILERS—A COMPARISON

Concerns reporting profits

TRADE GROUP	FIRST HALF 1942 D. & B. SURVEY (VOLUNTARY SAMPLE)			FULL YEAR 1940 U. S. TREASURY STATISTICS (ALL REPORTING CORPORATIONS)		
	Concerns Reporting	Per Cent with Profit	Rank	Concerns Reporting	Per Cent with Profit	Rank*
Department Stores	97	97	1	6,408	56	4
Farm and Garden Supply	237	94	2			
Family Clothing	253	91	3	11,244 ²	46	13 ²
Women's Ready-to-Wear	637	91	4	11,244 ²	46	13 ²
Variety Stores	218	90	5			
Jewelry Stores	188	89	6			
Men's Clothing	737	89	7	11,244 ²	46	13 ²
Shoe Stores	358	89	8	11,244 ²	46	13 ²
Dry Goods and General Merchandise	615	88	9			
Auto Accessories	188	87	10			
Farm Implements	86	87	11			
Hardware Stores	492	87	12	2,825	48	11
Coal and Ice Dealers	347	85	13			
Drug Stores	653	85	14	5,336	37	21
Furniture Stores	706	84	15	5,628	53	6
Lumber and Building Materials	673	83	16	8,754 ³	58	2 ³
Radio Stores	94	82	17			
Household Appliance Dealers	256	82	18			
General Stores	411	79	19			
Paint and Glass Stores	150	79	20	8,754 ²	58	2 ²
Restaurants	238	77	21	9,519 ³	28	29 ³
Grocery and Meat Stores	912	77	22	6,788 ⁴	37	21 ⁴
Filling Stations	519	73	23	2,645	41	17
Bakeries, Caterers	91	71	24	6,788 ⁴	37	21 ⁴
Motor Vehicle Dealers	492	71	25	10,620	59	1
Garages	140	69	26			
Grocery Stores	439	68	27	6,788 ⁴	37	21 ⁴
Meat Markets	156	68	28	6,788 ⁴	37	21 ⁴
Drinking Places	142	60	29	9,519 ³	28	29 ³
ALL REPORTING CONCERNS	10,525	83		69,767	47	

* These rankings are based on the relative positions of the trades between the two extremes of 50 per cent and 28 per cent, which are ranked 1 and 29 to correspond with the rankings in the 1942 column.
¹ Apparel stores—all types combined. ² Retailers of building materials and fuel and ice combined. ³ Eating and drinking places combined. ⁴ Food stores—all types combined.

V. PROFIT STATUS OF WHOLESALERS

Experience covering first half of 1942

TRADE GROUP	PERCENTAGE OF CONCERNS REPORTING:			TOTAL RESPONSES
	PROFITS	LOSSES	BREAK EVEN	
Machinery and Equipment	98	1	1	143
Groceries	96	2	2	136
Clothing	96	2	2	125
Hardware	97	..	3	119
Dry Goods	94	1	5	114
Electrical Goods and Appliances	90	2	8	174
Petroleum and Products	88	3	9	109
Automotive Equipment	86	4	10	246
ALL REPORTING CONCERNS	92	2	6	1,166

reporting manufacturers, 92 per cent of the wholesalers, and 83 per cent of the retailers, said they had realized profits. The Treasury statistics indicate that the proportions of corporations "with profits" in 1940 were only 56 per cent for manufacturers, 60 per cent for wholesalers, and 48 per cent for retailers.

This story is not in dollars. Compilations of dollar profits, made by the National Industrial Conference Board, the National City Bank, and the *New York Times*, show that the amount of profits reported by about 300 large corporations in the first half of 1942 was 30 to 40 per cent lower than in the corresponding period of 1941. The survey by DUN & BRADSTREET, however, takes no account of the size of profits or losses; it is simply a counting of heads. It serves to emphasize the difference between the amount and the prevalence of profits. It indicates, and similar figures on the 300-odd corporations cited above confirm the view, that although the amount of profits may be

declining, the proportion of concerns making profits is increasing; indeed, it is probably higher than ever before.

More interesting than the over-all figures on the prevalence of profits in manufacturing, wholesaling, or retailing, are the figures by individual lines. They reveal marked changes in the positions of certain industries and trades in the last two years.

Apparel manufacturers, who have long jostled each other so rudely in competition that comparatively few of them were able to get a firm grip on profits, found plenty of business for all in 1942, and the percentage of them making profits leaped from next to last place in 1940, to fifth place. Makers of stone, clay, and glass products show the effects of the restriction on residential building, in their descent from a midway position to near the bottom in the 1942 survey. These same restrictions doubtless contributed to the drop of producers of lumber and timber from fourth to ninth place.

VI. PROFIT STATUS GROUPED BY SIZE

Experience covering first half of 1942

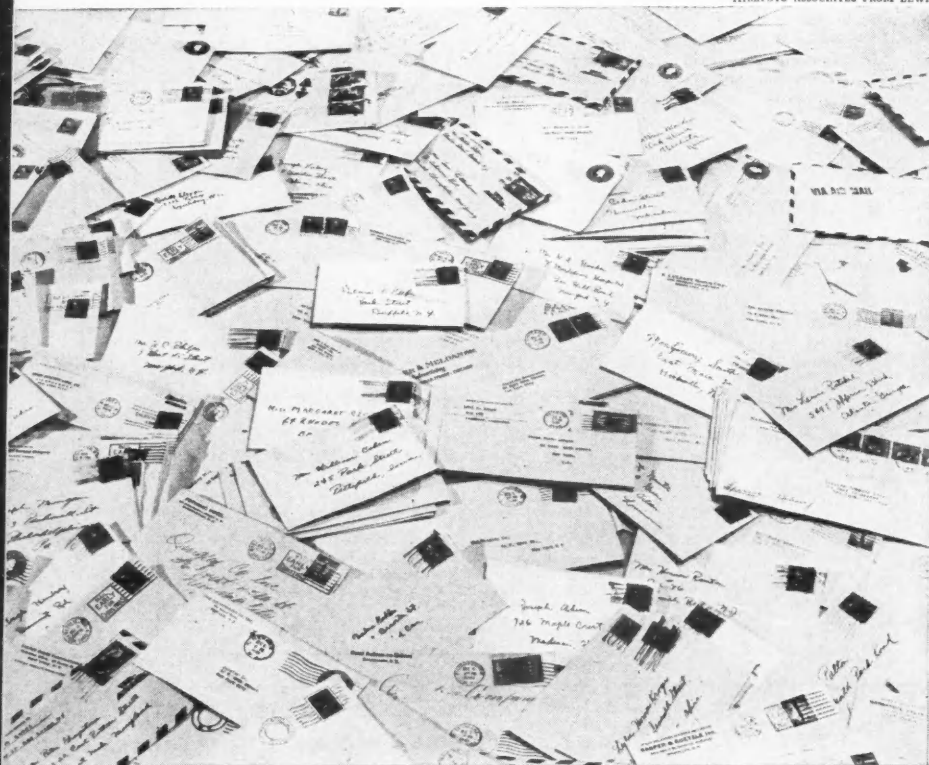
SIZE GROUP ¹	PERCENTAGE OF CONCERNS REPORTING			Break Even
	Profits	Losses		
MANUFACTURERS ²				
Over \$5,000,000	100	..	..
\$500,000-\$5,000,000	97	2	1	
\$250,000-\$500,000	97	1	2	
\$100,000-\$250,000	94	2	4	
\$50,000-\$100,000	89	3	8	
\$25,000-\$50,000	88	3	9	
Under \$25,000	80	4	16	
ALL REPORTING CONCERNS	89	3	8	
WHOLESALE ³				
Over \$500,000	96	1	3	
\$250,000-\$500,000	94	3	3	
\$150,000-\$250,000	96	1	3	
\$100,000-\$150,000	98	1	1	
\$50,000-\$100,000	92	3	5	
\$25,000-\$50,000	90	2	8	
Under \$25,000	88	3	9	
ALL REPORTING CONCERNS	92	2	6	
RETAILERS ⁴				
Over \$150,000	91	4	5	
\$50,000-\$150,000	89	3	8	
\$25,000-\$50,000	90	2	8	
\$15,000-\$25,000	88	1	11	
\$10,000-\$15,000	84	2	14	
\$5,000-\$10,000	80	2	18	
Under \$5,000	69	2	29	
ALL REPORTING CONCERNS	82	2	16	

¹ Based on a half year's sale. The breaking points have been derived by dividing the usual Census groupings in half (viz. \$500,000 to \$5,000,000 instead of \$1,000,000 to \$10,000,000). Sales for the first six months are not necessarily half of the annual sales.

² Total responding, 4,328.

³ Total responding, 1,166.

⁴ Total responding, 10,525.



The relatively small proportion of printers and publishers reporting profits in the first half of this year is the result not alone of chronic keen competition in this line. (It was ranked at the bottom in 1940 also.) In some measure this trade position reflects the progressive curtailment of many national advertising campaigns for articles no longer produced (automobiles, washing machines, vacuum cleaners, tires, electric toasters), although some publishers say that increased local advertising has partly compensated. Job printing has also declined.

(Continued on page 30)

FACTORY PLANT *and* EQUIPMENT EXPENDITURES *over a* QUARTER CENTURY

LOWELL J. CHAWNER

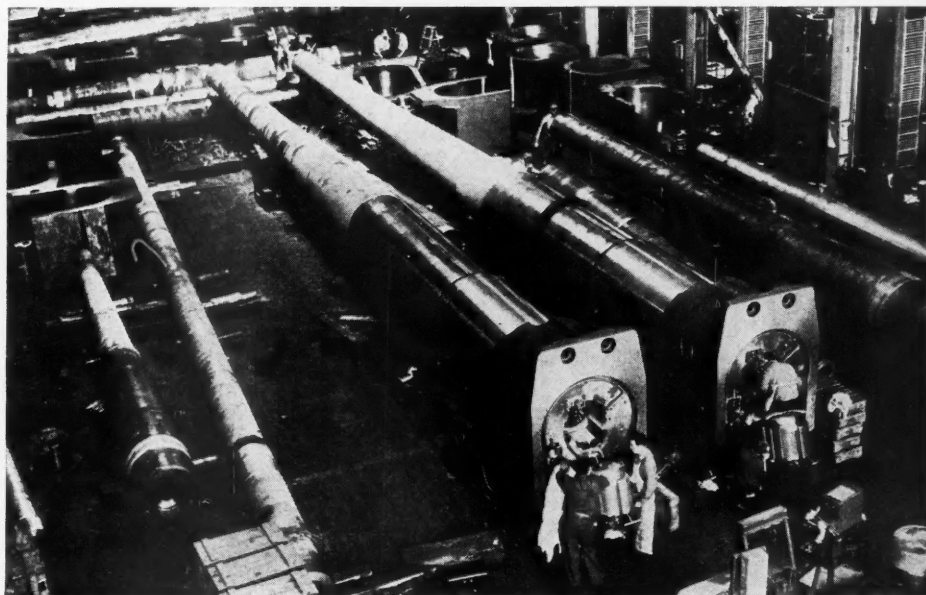
*Special Assistant to the Secretary
United States Department of Commerce*

THE speed with which the United States has become a great manufacturing arsenal is one of the major accomplishments of the United Nations in the present war. In the Summer of 1940, facilities for the manufacture of military explosives, ammunition, tanks, and many other specialized war supplies were practically nonexistent in the United States. Plants for the fabrication of ships, airplanes, and small arms had been enlarged somewhat during the preceding year, but even then they were hardly one-tenth of the magnitude required to supply our army, navy, and merchant fleet with necessary ships, planes, and specialized materials.

Two years have elapsed since then. In this interval we have built a mighty arsenal which already is producing intricate instruments of war in large quantities. Although not complete our specialized military productive facilities exceed those constructed in Germany during the five years of intense activity there before it engaged in large scale military combat.

Our industrial mobilization in the United States has been financed principally by the Federal Government. The actual design, construction, and operation of the necessary industrial plants, however, is the work of the engineers and production management of private industrial concerns. The success of this program is a truly joint

The author has presented these studies in greater detail in the *Survey of Current Business*, "Capital Expenditures for Manufacturing Plant and Equipment—1915 to 1940," March 1941 and "Capital Expenditures in Selected Manufacturing Industries," December 1941 and May 1942.



BREECH MECHANISM INSTALLATION IN 16-INCH CANNONS—SIGNAL CORPS PHOTO

"Practically all the industrial facilities constructed in 1942 are for military purposes either in the fabrication of finished supplies or in the production of the essential materials." Total may reach 6 billions.

accomplishment. In spite of sharp differences of opinion, inadequate initial conception of the total requirements, and many other difficulties the program has moved ahead vigorously and rapidly.

The total commitments for "defense" industrial facilities reported by the War Department Board as of July 31, 1942, the most recent date for which the figures are available, were 16.5 billions of dollars. Of this amount 13.5 billions are for projects for which commitments have been made by agencies of the Federal Government and 3.0 billions are for projects upon which "certificates of necessity" have been granted to private industrial concerns. In terms of their productive capacity,

about one-half of the projected total of all facilities, public and private, will be completed by December, 1942.

In the fabrication of finished products a more efficient production has developed from the projected facilities and labor force than had generally been expected. Furthermore the urgency for basic materials has resulted in a sharp curtailment in recent months of further plans for general expansion of industrial facilities and a direction of available materials and manpower into an expansion of the immediate output of munitions of war. Consequently it appears likely that outlays for manufacturing facilities in 1943 will be considerably less than they have been during the past two years.

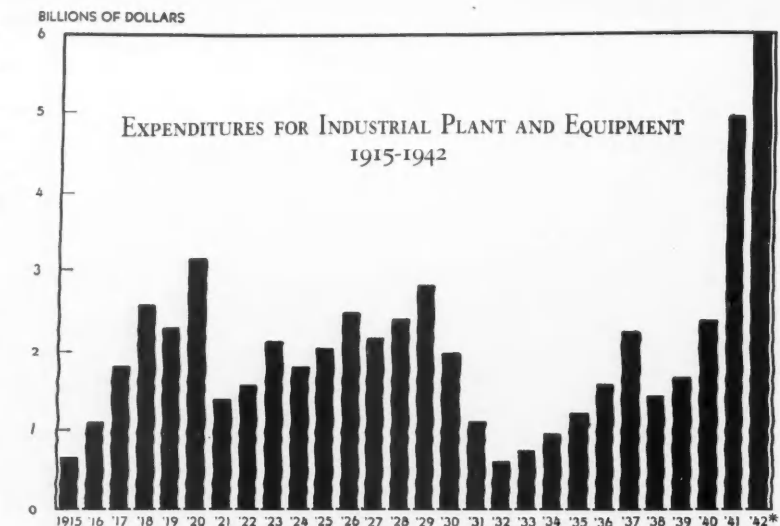
Practically all of the industrial facilities constructed in 1942 are for military purposes either in the fabrication of finished supplies or in the production of the essential materials. The aggregate may reach 6.0 billions of dollars, which would be twice that in any previous year, excepting 1941. Then about two-thirds of the total outlays for manufacturing capital purposes were required for the production of arms, munitions, and other products or basic materials considered essential to the military services of the United States or our allies.

Our industrial capacity to produce munitions of war and basic materials required in their manufacture was much farther advanced last December than it was when we entered the first World War in April, 1917. Similar expenditures in 1940, however, were relatively small and in 1939 were practically negligible when compared with present requirements.

Expenditures, 1915-1941

In 1915 the prospects for a long war added greatly to the British and French requirements for military supplies. Largely influenced by orders from these two countries, substantial amounts (in terms of the construction and machinery costs prevailing at that time) were spent for manufacturing facilities in the United States in 1915 and 1916, particularly for the production of iron and steel, smokeless powder, and high explosives.

Our entrance into the war in the



*Automotive and other developments contributed to well sustained expenditures for manufacturing facilities in the twenties. In the thirties such outlays were less than the attrition of depreciation and obsolescence. The 11 billions for 1941 and 1942 compares with a probable total replacement cost for all manufacturing facilities of 50 to 60 billions at the beginning of 1941. These estimates are in "current" dollars; they are about 3 per cent higher than the author's previously published estimates. . . . * Rough forecast of probable total.*

Spring of 1917 necessitated a rapid expansion in plant and equipment for the production of guns, ammunition, chemicals (especially synthetic dyes and nitrates), by-product coke, pig iron, and naval and merchant ships. Plants for the fabrication of some of these products were practically nonexistent in the United States and in other cases had fallen into disrepair as a result of inactivity. The tonnage of ships constructed in the United States during 1915, for example, was lower

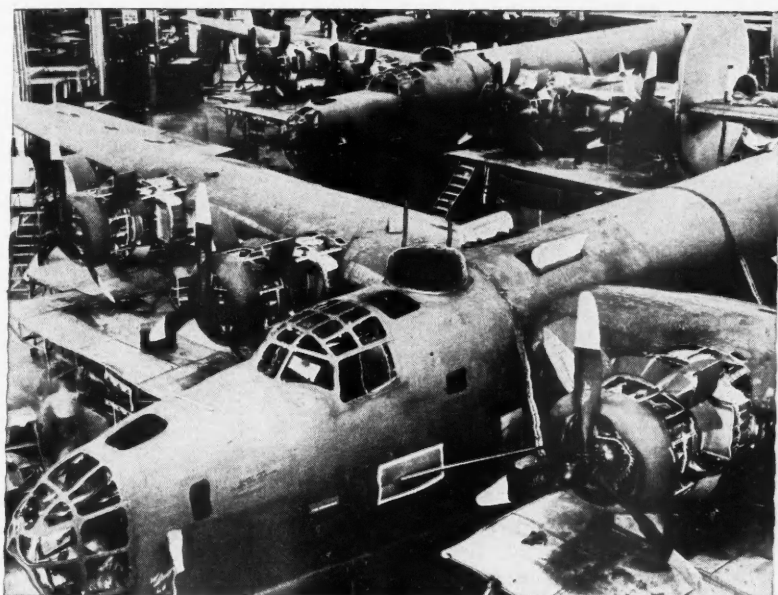
than it had been in any year since 1898.

The extent to which these facilities were financed by direct outlays for that purpose by the Federal Government has never been precisely determined. A careful examination of available official reports, however, indicates that manufacturing facilities for direct public ownership were constructed during the fiscal years 1917, 1918, and 1919 at a cost of slightly more than 600 millions of dollars, or about one-tenth of the total expenditures for industrial

"Today our existence requires great precision in many products and maximum production. . . . Many war plants are not suitable for making commodities which will be in demand after the war."

ARRANGING MACHINE GUN AMMUNITION FOR CRATING—U. S. ARMY SIGNAL CORPS





B-24'S ON ASSEMBLY LINE—U. S. ARMY AIR FORCES

"...the technological developments now being greatly accelerated for immediate military purposes, such as air transport... will find far-reaching extensions into commercial peace-time uses."

plants and equipment during these three years.

This amount does not include the privately owned plants which were built for the primary purpose of producing military supplies and thus for all practical purposes were financed by the Federal Government. There is, however, a marked contrast in the magnitude and character of the ownership of industrial facilities now under construction and those provided during the first World War. Today about 75 per cent of the plants are financed and at present largely owned by agencies of the Federal Government. In some instances the private lessee has an option to buy, but it is not assured that such

facilities will be taken over by private corporations after the war.

In 1918 all but a relatively small part of our war facilities were in private ownership at the end of the war. After the present war the sale, lease, direct operation, or other disposition of these facilities will serve as highly significant beacons in indicating the direction in which the ownership of industrial capital may follow in the United States.

Following the armistice in November, 1918 there was a brief decline in the rate of manufacturing capital expansion. During the last half of 1919 and throughout the following year the additions to manufacturing facilities continued at high levels. These amounts

reflect in part the unusually high prices during this period. Actual physical additions in 1919 and 1920, however, closely approximated the additions to productive facilities at the peak year of the first World War. The substantial volume of activity in the immediate post-war years was influenced by a need for the readjustment of our war economy to meet peace-time requirements, the stimulus of technical discoveries made during the war, together with the provisions of the Revenue Act of 1918 which made it possible for concerns, in their calculation of net income, to depreciate rapidly all facilities which in any way had been required in the prosecution of the war.

A sharp decline in 1921 and little change in 1922 was followed by seven years of substantial and slightly increasing expenditures upon replacements and enlargements of manufacturing facilities. The rapid growth in demand for several relatively new products such as automobiles, electrical household appliances, and synthetic chemicals together with large additions to generating and distributing facilities of electric light and power companies, a residential building boom and the construction of an extensive highway system throughout the United States all contributed to this development. The post-war decade (with the exception of 1921) also was a period of well-sustained earnings of manufacturing concerns which provided both the means and the incentive for manufacturing plant expansion.

In 1931 manufacturing capital expenditures declined sharply and in the

CAPITAL OUTLAYS FOR PLANT FACILITIES IN SELECTED INDUSTRIAL GROUPS, 1919-1941¹

In millions of dollars

INDUSTRY GROUP	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941 ²
Food and Kindred Products.....	137	354	214	257	248	234	272	371	343	423	378	267	171	131	207	195	185	268	320	217	230	294	330
Textiles and Related Products.....	232	300	183	209	260	182	203	198	212	212	235	130	93	56	79	101	89	116	157	91	130	130	160
Lumber and Lumber Products.....	124	159	71	110	118	105	120	143	94	89	104	50	30	15	20	22	32	47	62	43	61	80	80
Pulp, Paper, and Allied Products.....	101	158	89	63	102	93	85	92	116	129	137	110	54	28	29	40	66	98	183	70	86	92	85
Printing and Publishing.....	85	113	85	107	124	114	130	129	114	102	119	81	52	30	27	41	54	75	82	57	50	64	70
Stone, Clay, and Glass Products.....	95	168	115	130	198	157	181	234	202	283	241	120	76	38	28	43	65	99	99	68	97	110	
Petroleum Refining.....	75	100	55	Average 65			85	80	120	125	85	65	55	55	65	70	55	90	144	132	130	132	150
Rubber Products.....	70	105	25	23	22	21	20	32	41	38	54	22	17	11	13	16	15	22	32	27	33	34	60
Leather and Leather Products.....	29	23	14	18	17	15	16	20	17	17	17	12	11	10	10	11	13	15	15	14	15	14	20
Blast Furnaces, Steel Works, Rolling Mills ³	160	190	100	100	120	180	200	230	160	200	150	300	120	40	50	40	122	200	316	132	110	156	390
Automobiles and Equipment:																							
Depreciable Expenditures.....	59	171	52	44	87	98	88	111	131	113	150	94	49	37	25	48	99	109	119	112	83	124	80
Total Expenditures.....	72	187	64	59	105	118	116	140	160	149	186	118	77	69	48	78	130	153	159	155	135	197	120
Airplanes, Engines, and Parts.....																	5	10	16	12	30	110	550

¹ U. S. Department of Commerce figures. ² 1941 estimates based on incomplete data. ³ Includes only these specific industries.

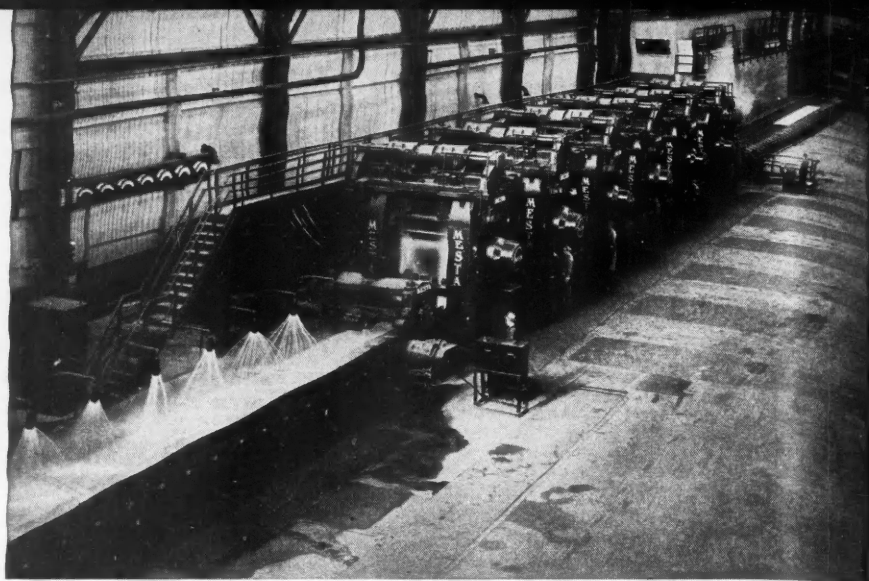
following year were probably less than that of any year during the past three decades with the possible exception of 1914. In general the rate of new capital expenditures for plant and equipment during the 1930 decade were considerably less than the attrition of capital measured by depreciation and obsolescence. It should be observed, however, that often the facilities added in recent years are technically more efficient per dollar value of capital invested than similar facilities were a decade before.

The vigorous expansion which began in the Fall of 1940 and that is still rapidly increasing, far exceeds the expansion of such facilities in any similar period of the nation's history. The total outlays for manufacturing plants and equipment, both public and private, during the two years 1941 and 1942 will be about 11 billions. This figure may be compared with a rough measure of replacement cost of all manufacturing facilities at the beginning of 1941 of 50 to 60 billions.

The urgent needs for raw materials, machines, and labor skills in the production of finished military supplies has resulted in a curtailment of previously formulated plans for further expansion of industrial facilities. The effect of these policies undoubtedly will soon begin to be reflected in a decline in industrial construction activity. Shipments of industrial machinery, however, may be expected in large volume for many months.

The outlays for manufacturing facilities during the past two decades have exhibited significant differences among the various industries. Capital expenditures are usually made as a result of influences of a highly dynamic character such as the development of new products and new technological processes of fabrication and changes in the profitability of manufacturing operations. All of these vary greatly from industry to industry.

Industrial buildings and machinery, if carefully maintained, frequently could continue to perform almost indefinitely the functions for which they



60-INCH CONTINUOUS HOT STRIP MILL—U. S. STEEL CORPORATION

"Many persons view with concern the possible redundancy of the post-war manufacturing facilities . . ." A steel capacity of 100,000,000 short tons a year is quite different from the 51,000,000 tons produced in 1939.

were originally intended. There are in operation today thousands of metal-cutting lathes built 50 years ago or more. Much of this equipment may still be adequate for turning out wagon axles and making replacement parts for the older models of steam locomotives still in use but is manifestly unsatisfactory for the fabrication of precision parts and at cutting speeds which are in common practice today.

They are entirely unsuited for the production of working parts which require a tolerance of a quarter of a ten-thousandth of an inch and which must be produced in tremendous quantities. Today our national existence requires great precision in many products and the maximum production per unit of available manpower.

In Individual Industries

Change and differences in the rate of growth of particular industries are marked characteristics of the economic history of all modern industrial societies. In the United States changes in products and methods of fabrication have been extensive not only in manufacturing but also in mining, transportation, and other industries, and have greatly influenced many professional services and the modes of domestic living.² Even over short periods of little

² See article by Willard Thorp, "The Role of Management as Innovator," *DUN'S REVIEW*, September, 1941, p. 5.

more than a decade, changes of this character have frequently been very far reaching.

The practical development of the internal combustion engine about the turn of this century and its revolutionizing effect upon land transportation is well known. Important improvements in this type of engine continue to be made. For example, the high-compression Diesel engines now being sold commercially and the most advanced carburetor engines for airplanes have approximately twice the thermal efficiency of many automobile engines; also airplane engines of modern design weigh less than one pound per horsepower compared with ten pounds per horsepower for most automobile engines.

Recent improvements in metal-cutting tools using tungsten carbide have greatly advanced the progress which has been taking place for several decades in the cutting speeds of lathes and other machine tools. These new tools require heavier machines and greater power and thus increase the rate of obsolescence on existing metal-cutting machines.

The reciprocating steam engine which was perfected in substantially its present form by Watt and Bolton at the beginning of the 19th century, might appear to be an exception to this rule. Actually, however, this prime mover

has been largely replaced by steam turbines for power generation and by electric motors for direct application of energy. The steam locomotive—one of the last stands of this type of engine—is rapidly giving way to electric and Diesel-electric locomotives, particularly the latter.

Electricity, first used as a means of developing mechanical power in manufacturing shortly after 1880, is now the energy source of about 85 per cent of the horsepower capacity of the units from which mechanical power is de-

rived in manufacturing plants in the United States.

Aluminum was a rare substance of the scientific laboratory 60 years ago. In the near future it appears likely that more than two billion pounds of it will be produced annually in the United States.

The first successful flight of a heavier-than-air "flying machine" occurred 39 years ago at Kitty Hawk, N. C. In 1930 the number of passengers carried by domestic and foreign operators of airlines under American control was

about 417,000. The corresponding number in 1940 was over 3,000,000. The express and freight carried in the earlier year was 469,000 pounds and in 1940 it was over 14,000,000 pounds. The number of radio range beacon stations also increased nearly ten times during the decade.

Such changes are characteristic, and they have influenced greatly the rate of expenditures by manufacturing concerns upon capital facilities.

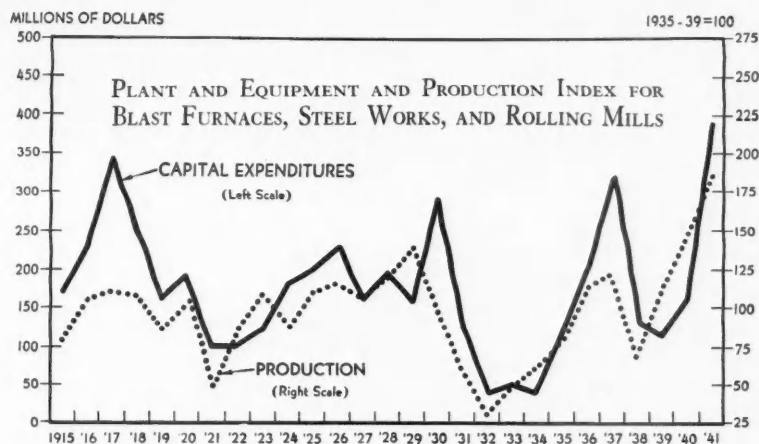
Future Outlook

The conditions under which we shall live in the future are being determined today on the world's battlefields. Consequently until the military forces of Germany and Japan are destroyed all additions to industrial facilities in the United States are being directed entirely to that end. Some of the underlying factors which influence the present wartime industrial expansion, however, very likely will persist in times of peace.

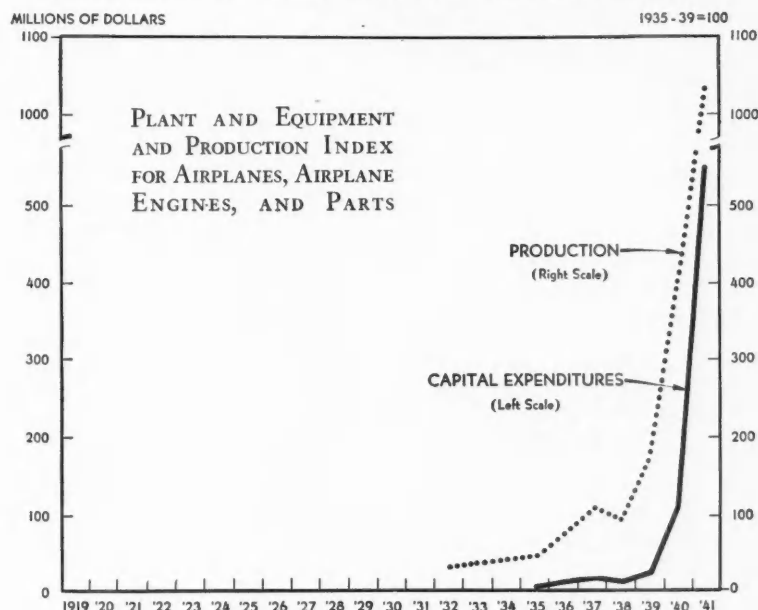
Never before has research been organized and supported without regard to cost as it is today in all countries. Before the first World War, industrial research in the United States was relatively insignificant. Immediately after the war it was introduced by many private industrial concerns and has grown rapidly since. Technical research by privately supported foundations and by governmental agencies is also far more extensive than it was two decades ago. It appears likely that this process will be further accelerated by all agencies after the war and that the development of new products and modes of living and the rate of obsolescence of facilities and methods of fabrication may be very great in the future.

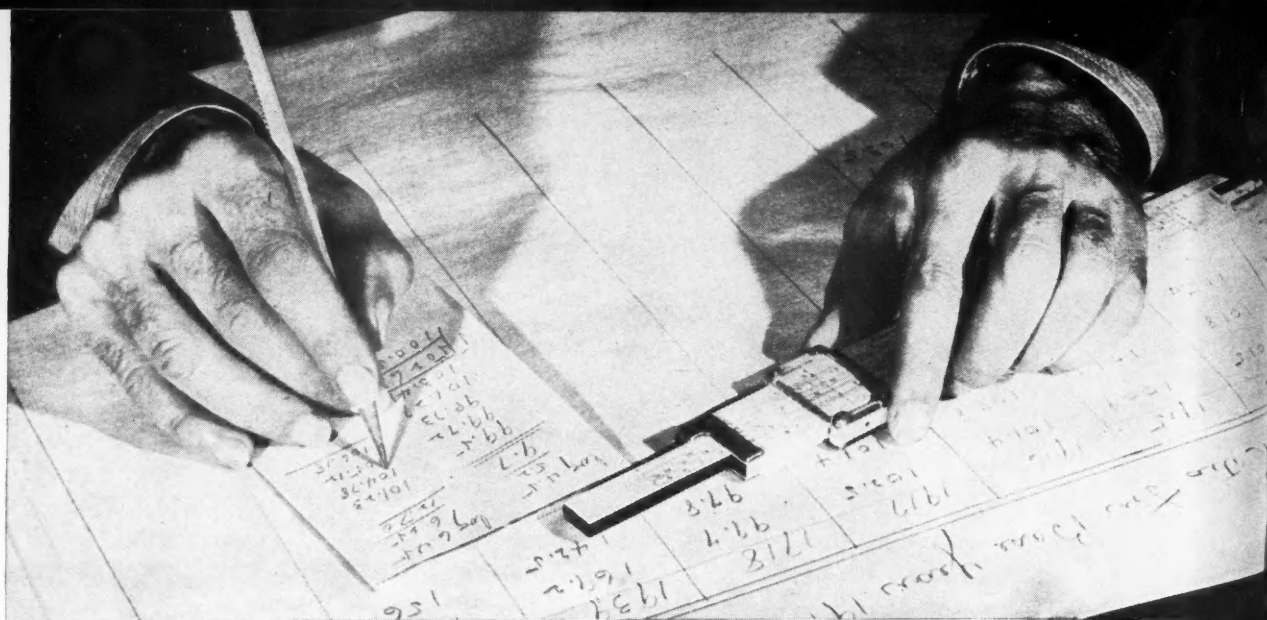
Many manufacturing plants now being constructed are not suitable for the production of the commodities which will be in demand after the war. In other cases the technological developments now being greatly accelerated for immediate military purposes, such as air transport, methods of communication, the processing of foods, air con-

(Continued on page 32)



Outlays for blast furnaces, steel works, and rolling mills were considerably greater in 1941 than in any previous year. The explosive growth in aircraft facilities is indicated below.





BENCHMARKS OF RETAIL HEALTH-1941

14 Financial Ratios for 12 Lines

ROY A. FOULKE

Manager, Specialized Report Department
DUN & BRADSTREET, INC.

OUR initial tremendous expenditure, first for "defense" and then for "war," found its way into three fundamental characteristics of retail trade by the end of 1941. These three fundamental characteristics are based upon the study of the fourteen important yearly ratios of twelve lines of retail activity:

1. Increase in yearly net sales for 1941 over the yearly net sales for 1940.
2. Increase in inventory at the end of 1941 compared with the inventory at the end of 1940. This expansion in inventory seems to have been at a greater rate than the expansion in the annual volume of net sales.
3. Increase in current liabilities,

Increase in Net Sales—The increase in net sales for 1941 over 1940 is clearly reflected by two ratios, the "turnover of tangible net worth" and the "turnover of net working capital." Eleven of the twelve lines of retail trade whose

important ratios appear in the accompanying table, disclose a faster turnover of tangible net worth, while ten disclose a faster turnover of net working capital, based on the comparison of the median ratios for 1941 and 1940. In each of these fields of retail distribution the upward trend was appreciable. Women's specialty shops, for some unknown reason, showed a different trend in these two ratios, a higher median turnover of tangible net worth and a lower median turnover of net working capital.

The expansion in net sales in retail lines was the direct result of increased consumer purchasing power from growing employment and rising wage levels. The greatest expansion in employment took place in manufacturing industries, initially on defense activity after the Lend-Lease Bill was passed by Congress on March 11, 1941, and then on the production of the thousand and

one items of essential war equipment and supplies as open war became a grim bloody reality at Pearl Harbor.

Total civil non-agricultural employment, according to the Bureau of Labor Statistics, showed a gain of 207,000 workers between November and December of last year, bringing the total employed to 40,963,000. This number hit high C, exceeding the December 1940 total by 2,802,000, and the December 1939 figure by 5,047,000. Here is the high point of employment up to and through the historic year of 1941. These figures do not include CCC enrollees, workers on WPA or NYA projects, nor the armed forces. Forced unemployment was largely dissipated last year under the tremendous impact of the expanding world conflict, providing the ready funds for the increased retail sales.

Typical of this increase in employment, which has finally brought about

a critical shortage in workers at the present time, has been the spectacular expansion in the airplane industry, among manufacturers of air frames, airplane engines, and propellers. In the past twenty months this single industry increased its manpower over three-fold, from 125,000 to 450,000 workers. That curve is still on the up and up. Within another year, prob-

ably 1,000,000 workers will be employed by the airplane and accessory industries, including thousands of women, former teachers, hat check girls, stenographers, sales clerks, waitresses, housewives, and schoolgirls who will become welders, assemblers, machine operators, and inspectors.

Increase in Inventories—The fact that inventories were higher at the end

of 1941 than at the end of 1940 is clearly evident from the ratio of "inventory to net working capital." In eleven out of the twelve lines the median of this ratio was noticeably greater. Studies of the U. S. Bureau of Labor Statistics disclosed a rise during 1941 from 82.8 to 94.6, or 14.2 per cent in the index of wholesale prices of manufactured prod-

(Continued on page 31)

14 IMPORTANT FINANCIAL RATIOS—12 RETAIL LINES—1941

LINE OF BUSINESS	Current Assets to Current Debt	Net Profits on Net Sales	Net Profits on Tangible Net Worth	Net Profits on Net Working Capital	Turnover of Tangible Net Worth	Turnover of Net Working Capital	Average Account Collection Period	Net Sales to Inventory	Fixed Assets to Tangible Net Worth	Current Debt to Tangible Net Worth	Total Debt to Tangible Net Worth†	Inventory to Net Working Capital	Inventory Covered by Current Debt	Funded Debts to Net Working Capital‡
	Times	Per Cent	Per Cent	Per Cent	Times	Times	Days	Times	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent
Clothing, Installment (41)	5.53	7.87	15.53	18.48	2.62	3.25	136	8.7	3.1	19.1	...	21.6	84.2	...
	3.80	4.81	10.79	11.72	2.01	2.24	186	6.9	6.6	31.3	...	35.0	103.6	...
	2.23	2.42	4.59	4.82	1.55	1.62	271	5.3	12.6	67.9	...	50.7	167.7	...
Clothing, Men's and Boys' (93)	3.99	6.25	16.53	22.25	3.72	5.05	*	5.3	7.0	20.1	37.7	70.5	43.7	42.1
	2.34	4.02	11.64	14.50	2.86	3.98	*	3.6	15.8	49.9	68.7	97.1	70.2	98.8
	1.92	2.07	8.28	10.68	1.68	2.34	*	2.6	40.0	78.1	96.9	144.3	95.8	109.1
Department Stores (313) (See below, also)	4.08	5.01	13.54	22.65	3.90	5.77	*	7.6	11.0	19.2	35.4	59.2	43.8	55.7
	2.96	3.49	10.45	16.55	2.77	4.31	*	5.7	23.3	34.1	57.0	79.5	68.1	81.0
	2.21	2.36	7.50	12.23	2.00	3.11	*	4.1	50.5	52.4	77.0	105.8	90.1	101.1
Fur Garments (34)	4.14	6.42	15.87	25.72	3.39	5.42	*	8.3	3.6	25.7	...	39.7	69.4	...
	2.70	1.91	6.07	9.33	2.96	4.02	*	5.7	10.3	40.0	...	69.2	91.5	...
	1.80	0.51	1.25	2.13	2.42	3.01	*	3.1	22.4	84.9	...	92.5	131.7	...
Furniture, Installment (189)	5.89	10.74	17.79	20.02	2.17	2.59	143	6.1	2.5	16.8	34.9	24.6	58.5	54.8
	3.34	5.45	10.95	11.13	1.57	1.89	208	4.7	10.2	35.6	74.9	37.8	104.3	90.8
	2.44	3.41	5.76	6.06	1.22	1.37	237	3.5	27.5	61.2	92.4	57.2	157.6	104.9
Groceries, Chain (21)	2.04	2.55	16.54	30.70	11.42	18.81	*	9.6	23.5	30.9	82.6	152.6	59.8	74.2
	1.71	1.25	12.62	17.06	8.73	15.00	*	8.1	45.0	78.2	92.7	163.0	73.6	96.5
	1.34	0.67	3.60	8.20	5.13	12.04	*	5.8	90.6	114.2	124.3	259.9	88.0	123.4
Hardware (46)	5.80	3.87	13.31	19.45	4.03	4.69	*	4.9	8.3	12.4	...	67.2	27.4	...
	3.36	2.96	8.39	11.45	2.75	3.20	*	3.5	24.2	28.5	...	90.8	45.7	...
	2.22	0.94	3.64	4.19	1.61	2.51	*	2.6	48.8	55.0	...	116.2	64.6	...
Lumber (83)	6.58	5.71	13.57	19.82	3.29	4.74	47	5.5	18.3	10.8	29.7	53.2	26.5	44.5
	3.27	3.21	7.09	10.97	1.71	3.02	65	4.4	28.8	28.6	63.8	73.0	61.6	62.4
	2.25	1.26	2.20	5.66	1.23	2.22	84	3.0	47.6	57.3	76.6	95.6	104.2	94.2
Lumber and Building Material (75)	4.85	4.30	12.17	31.50	3.61	7.17	55	7.7	16.3	17.9	26.2	47.2	48.3	10.4
	2.98	3.36	7.51	14.13	2.56	3.62	76	5.4	24.9	32.2	39.7	65.0	82.4	17.8
	1.80	1.48	4.59	7.14	1.45	2.90	99	3.8	45.8	60.4	108.5	96.5	148.3	21.9
Men's Furnishings (33)	4.34	6.45	26.90	28.80	4.35	5.97	*	4.4	7.2	16.3	...	79.9	28.7	...
	2.49	3.88	10.10	12.33	2.51	3.23	*	3.3	19.8	50.7	...	117.8	57.6	...
	2.06	1.92	3.68	7.23	1.64	2.04	*	2.5	29.4	63.7	...	162.9	76.8	...
Shoes, Men's and Women's (40)	4.42	4.43	15.69	24.12	6.41	8.44	*	5.4	8.8	23.3	...	98.5	29.9	...
	2.86	2.64	10.87	14.76	3.94	5.73	*	3.8	17.1	40.7	...	121.2	45.7	...
	2.06	1.75	7.08	8.46	2.57	3.48	*	2.9	30.2	67.7	...	153.9	57.4	...
Women's Specialty Shops (116)	3.25	5.46	17.72	28.75	5.26	8.43	*	10.6	11.2	30.5	45.9	50.9	63.5	42.5
	2.39	2.82	11.80	19.46	4.01	6.36	*	7.7	22.1	52.1	91.1	76.5	104.8	80.6
	1.86	1.41	6.93	12.49	3.07	4.43	*	5.2	36.6	79.9	99.2	104.8	152.6	91.4

DEPARTMENT STORES—1941 AND 1940—BY SIZE (TANGIBLE NET WORTH) CLASSES

1941: Under \$200,000	2.88	3.41	10.95	14.29	2.82	3.70	*	4.4	17.6	38.5	48.2	95.4	52.4	79.4
\$200,000 to \$500,000	3.24	4.02	12.13	18.21	3.29	4.09	*	5.8	21.7	30.9	66.6	72.1	67.3	99.3
Over \$500,000	2.87	3.29	8.86	16.61	2.68	4.69	*	6.9	42.2	30.4	56.9	68.5	77.1	71.7
1940: Under \$200,000	3.00	1.67	5.39	7.29	2.40	3.33	*	4.6	19.6	34.0	86.9	79.6	55.3	85.1
\$200,000 to \$500,000	3.18	3.31	8.37	12.55	2.01	3.81	*	5.5	23.5	25.5	82.7	63.6	64.0	107.6
Over \$500,000	3.65	2.75	6.42	10.99	2.33	4.31	*	7.2	40.5	20.2	69.8	59.0	66.6	80.9

For the 12 lines of business in the upper part of the table, the center figure for each ratio (in darker type) is the median or "average." The other two figures (in italics) are quartiles; for each ratio they indicate the upper and lower limits of the experiences of that half of the concerns whose ratios are nearest to the median. When any figures are listed in order according to their size, the median is the middle figure (same number of items from the top and the bottom) and the quartiles are the figures one-quarter and three-quarters down the list.

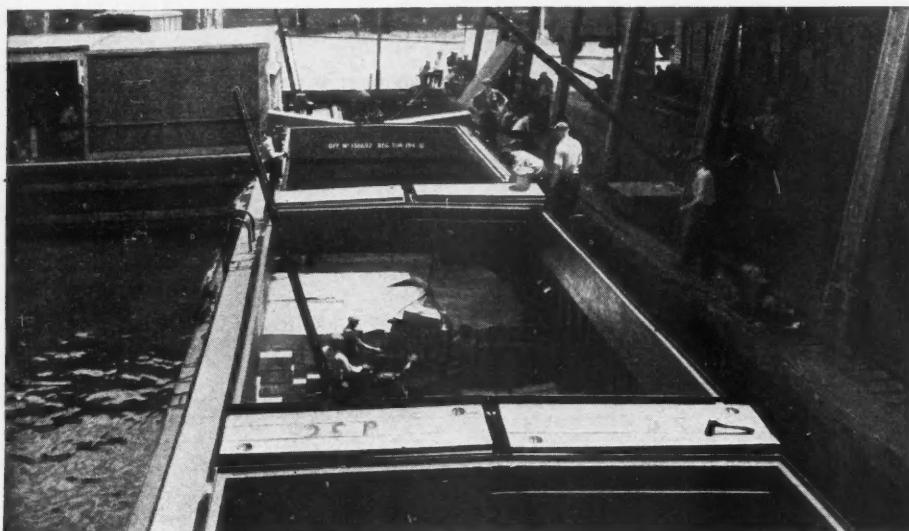
In the lower part of the table, which shows the figures for department stores according to three size (tangible net worth) classes for both 1941 and 1940, only the median figure is shown.

The number in parentheses after the name of the line of business is the number of concerns for which data were available.

The fourteen ratios have been explained and defined briefly when the annual figures have been reported in *Dun's Review* each year; the definitions will be included when the 1941 ratios for wholesalers and manufacturers are reported in future numbers.

* Not computed; necessary information as to the division of sales between cash sales and credit sales was available in too few cases for use as a broad guide.

† Computed only for those lines in which a reasonable number of concerns had outstanding long-term liabilities.



CHARLES PHELPS CUSHING

THE *Underlying* TREND

SUMMARY: An exceptionally strong upturn in retail trade was the outstanding development this month. After lagging behind last year for five months, retail sales once more surpassed 1941 levels. Retail stocks continued ample to meet the record demand although curtailed production was evident in reduced wholesale supplies. Production expansion to a new record high was achieved in the face of curtailed consumer output and tightening supplies of men and material. Sharp advances in uncontrolled commodity prices caused a mild rise in price averages.

THE upward surge of war expenditures continues to dominate the business trend lifting production, employment, and national income payments to new records. Pressure of war demands on labor and raw material resources has expanded rapidly, forcing a sharper distinction between more and less essential war production in contrast with the broad designation "war" and "non-war" which sufficed in recent months.

A slowing up of production from lack of supplies and manpower was reported to have held industrial expansion below WPB goals in August and September. To such an extent was this true that restrictions on the mobility of labor were ordered in Western lumber and non-ferrous mining.

Lack of supplies was felt most keenly by manufacturers and wholesalers. Retailers' stocks, although reduced by record demand in September, remained substantially larger than last year even in curtailed lines.

Reports of trade activity were more favorable than for any recent month. With consumers spending more freely than in past months Fall sales increased more rapidly than usual in most sections of the country. Wholesalers failed to benefit fully from the stronger tone in consumer buying as retailers concentrated on reducing heavy inventories.

In August total output registered one of the

largest gains of the year; less final statistics for September and early October indicate a continual climb to new heights. It is obvious that if manufacturing volume continues to rise at the rate reached during the last three months, the country will by December have acquired a national production set-up that is producing twice as much as the 1935-1939 average. The September level is probably two-thirds larger than that of the 1929 peak.

The August increase was due largely, as in past months, to the expansion in output of durable manufactures for war. Supporting the reports of tightening raw material supplies, steel output declined from July and production of raw metals essential to the manufacture of war goods failed to expand significantly for the first time in several months. Munitions output increased 8 per cent over July compared with a 16 per cent rise in the previous month (WPB).

The FRB seasonally adjusted index of total industrial output advanced from 180 to 183 in August. The rise of 10 per cent from the pre-war November peak does not fully reveal the tremendous shift in various industries. During that same period a 22 per cent increase in durable goods output reflected a 360 per cent rise in munitions production (WPB) and an estimated cut of two-thirds in consumers' durable goods production. Output of raw

metals gained 7 per cent in the nine months. Total non-durable goods production, scheduled to assume less and less importance in national output, remained high but fell 3 per cent below the pre-war peak.

Due to the recent trend to conservative ordering by trade sources as well as curtailment necessary to free facilities for war needs, production of consumers' goods, both durable and non-durable, is estimated 15 per cent lower than last November (N. Y. FRB).

Following the pattern set by production, employment broke all past records in August and the unemployed labor reserve contracted further to 2,200,000 compared with 5,400,000 a year ago (U. S. Bureau of Census). The drain of selective service and the attraction of higher-paid work was a more acute problem for essential war industries as well as non-essential businesses, with the rate of labor quits in factories double that of August, 1941.

A sharp rise in factory payrolls and farm income lifted national income payments to unprecedented August levels. Factory payrolls increased 5 per cent over July (USBLS), cash farm income 15 per cent. Consumer spending however continued close to last year's levels despite the 20 per cent rise in income, indicating a maintenance if not acceleration of the heavy savings rate. Debt repayment still absorbs a substantial portion of these savings. Liquidation of Home Owners' Loan Company mortgages has reached a record high. Outstanding loans of credit unions, industrial banks, and personal finance companies are 18 per cent below a year ago; new loan volume is off 32 per cent; loan repayments—on the smaller volume—have dropped 10 per cent.

War bond sales in August fell behind Treasury schedules for the third successive month but increased in September to exceed their reduced quota. Actual September volume amounted to \$838,275,000 against a goal of \$775,000,000.

Retail Sales Again Surpass 1941

Despite the diversion of income to savings, retailers reported an unusually strong Fall sales upturn developing throughout the country. Sales gains over 1941 which in August had been confined largely to war boom cities of the Pacific Northwest, South, and Southwest spread more widely over all areas.

By September dollar volume was again larger than a year ago, continuing the revival noted in August when sales held very close to the record peak of the 1941 stock-up buying splurge. Aided by a 10 per cent rise in prices, the large demand for soft goods—particularly apparel and dry goods—and groceries is sufficient more than to offset the sharp decline in durable goods volume. All retail sales in August were 1 per cent below a year ago.

DUN'S REVIEW's more general index of consumer spending increased 4 per cent over 1941 to 124.6, up from 111.4 in July. According to

months, these regional trade barometers, the Portland and Seattle, Salt Lake City, Carolina, and Detroit regions—areas benefiting from the war-boom—registered the largest trade increases over 1941. Declines from last year were confined to heavily populated Eastern and Chicago regions.

Trade Inventories Decline

Wholesale trade activity did not fully reflect the rise at retail. Volume contracted contraseasonally in August, reflecting the retailers' desire to reduce stocks swollen by heavy advance buying last Spring. Conservative retail buying policy, combined with inability to obtain replacements in some lines has tended to reduce trade inventories. In July retail stocks dipped slightly for the first time in months; the gain of 23 per cent over last year, however, includes large holdings of even shortage merchandise. Scarcities which have not yet affected the retailer and consumer were evident during August in wholesale markets as inventories fell below the same month of the previous year for the first time in three years.

Industrial Production

Federal Reserve Board Adjusted Index; 1935-1939 = 100

	1939	1940	1941	1942
January	101	122	140	172
February	101	116	144	172
March	101	113	147	172
April	97	112	144	173
May	93	116	154	175
June	103	122	159	180
July	105	124	160	183
August	105	124	160	183
September	121	127	161	
October	121	131	163	
November	124	134	166	
December	125	139	168	

Factory Payrolls

U.S.B.L.S. Index; 1923-1925 = 100

	1939	1940	1941	1942
January	84.7	99.8	120.7	135.5
February	87.1	99.3	126.8	138.3
March	88.8	99.8	131.2	132.9
April	86.8	97.9	134.7	126.7
May	86.3	97.8	140.1	131.8
June	87.9	99.5	152.2	137.7
July	85.8	98.2	152.7	202.4
August	91.2	105.5	158.1	214.4
September	95.4	111.6	162.6	
October	103.2	116.2	167.0	
November	103.2	116.4	165.4	
December	105.4	122.4	169.9	

Consumer Buying

DUN'S REVIEW Adjusted Trade Barometer; 1928-1932 = 100

	1939	1940	1941	1942
January	91.3	94.9	105.5	131.8
February	84.1	91.2	108.7	121.5
March	86.3	95.4	111.9	121.6
April	83.1	89.8	110.7	107.0
May	83.9	91.5	113.0	107.6
June	83.4	91.1	114.1	106.1
July	81.9	90.6	112.4	111.3
August	83.3	90.2	120.4	124.6
September	86.8	93.2	108.4	
October	87.2	94.3	107.3	
November	90.2	106.5	123.4	
December	100.5	110.5	127.2	

Wholesale Commodity Prices

U.S.B.L.S. Index; 1926 = 100

	1939	1940	1941	1942
January	76.9	79.4	80.8	96.0
February	76.9	78.7	80.6	96.7
March	76.7	78.4	81.5	97.6
April	76.2	78.6	83.2	98.7
May	76.2	78.4	84.9	98.8
June	75.6	77.5	87.3	98.6
July	75.4	77.7	86.8	98.7
August	75.1	77.1	90.3	99.2
September	79.1	78.0	91.8	99.5
October	79.4	78.7	92.4	
November	79.2	79.6	92.5	
December	79.2	80.0	93.6	

* Rough approximation; BLS figure not available.

Stricter allotment of raw materials to manufacturers has tended to increase buying for nearby delivery only and to slow manufacturers' inventory expansion. Reports indicate, however, that manufacturers' inventories are still increasing. Some of the rise is attributed to accumulation of finished goods, reflecting the problem of co-ordinating material deliveries for assembling war products. Manufacturers' inventories in July were 28 per cent larger than a year ago; shipments increased 27 per cent. (U. S. Department of Commerce.)

Prices showed a more definite upward trend during August and September than in any month since the general ceilings were established. The average increase remained small, however, reflecting the steadiness of controlled commodities, and reduced demand pressure through continued conservative buying and a diversion of consumer income to savings. Preliminary September data indicate a furtherance of the mild upturn which carried the wholesale price index to 99.2 in August from 98.7 in July (USBLS). Living costs during August increased 0.4 per cent. Uncontrolled food prices—which account for

40 per cent of the average wage earner's food budget—were again responsible for the gain and have risen 9.8 per cent since May while all living costs gained 1.2 per cent.

Security markets recovered somewhat from the lethargy which persisted all Summer. Industrial stock prices (Dow-Jones) broke out of the 105 level held from June through August, advancing to 111.93 by early October as trading picked up from the 18-year August low. Security financing in August touched depression levels, capital flotations of \$64,618,000 were smallest for the month since 1934.

Influenced by the curtailment in civilian business activity, commercial, industrial, and agricultural loans of the weekly reporting Federal Reserve Banks in 101 cities by September 30 had fallen slightly below last year to \$6,270,000,000; \$700,000,000 below March.

The huge war financing program and record currency circulation had by late September reduced excess bank reserves to \$2,030,000,000 (FR Banks in 101 cities), less than one-third the October 1940 peak, despite cuts in reserve requirements of central banks from 26 to 22 per cent in August and September.

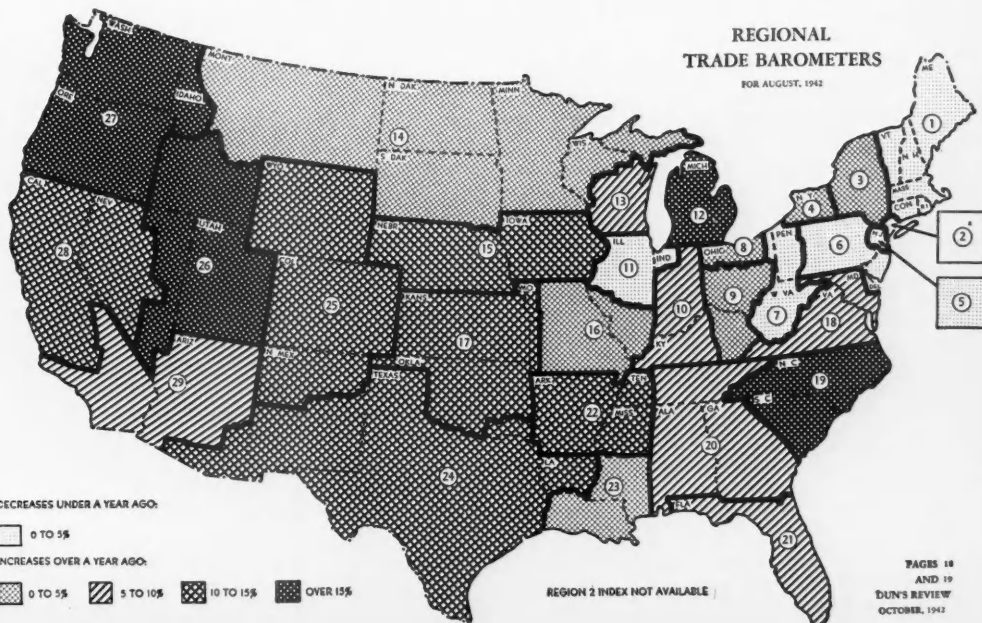
U. S. AND REGIONAL TRADE BAROMETERS

Seasonally adjusted; 1928-1932 = 100; compiled for DUN'S REVIEW by Dr. L. D. H. Weld

REGION	Aug. 1942	Change from Aug. '41 Per Cent	July 1942	Change from July '42 Per Cent	REGION	Aug. 1942	Change from Aug. '41 Per Cent	July 1942	Change from July '42 Per Cent
U. S.	124.6	+ 3.5	111.4	+11.8	15. Iowa and Nebraska	119.6	+11.5	98.6	+21.3
1. New England	100.6	- 1.6	95.4	+ 5.5	16. St. Louis	126.1	+ 4.6	117.8	+ 7.0
2. New York City . . . . .	+	...	...	...	17. Kansas City	131.2	+10.1	113.8	+15.3
3. Albany and Syracuse	127.0	+ 2.0	112.2	+13.2	18. Maryland and Virginia	167.8	+ 7.7	153.3	+ 9.5
4. Buffalo and Rochester	113.2	+ 1.2	98.9	+14.5	19. North and South Carolina	190.9	+22.0	168.0	+13.6
5. Northern New Jersey	108.6	- 0.8	99.0	+ 9.7	20. Atlanta and Birmingham	180.2	+ 8.5	161.8*	+11.4
6. Philadelphia	109.5	- 4.7	95.3	+14.9	21. Florida	206.8	+ 7.1	160.8	+28.6
7. Pittsburgh	116.5	- 5.0	101.1	+15.2	22. Memphis	159.8	+13.1	134.4	+18.9
8. Cleveland	143.5	+ 3.1	127.1	+12.9	23. New Orleans	146.1	+ 1.9	135.8	+ 7.6
9. Cincinnati and Columbus	147.7	+ 4.9	130.9	+12.8	24. Texas	176.1	+11.7	155.7	+13.1
10. Indianapolis and Louisville	166.3	+ 7.7	150.8	+10.3	25. Denver	148.7	+10.4	135.7	+ 9.6
11. Chicago	109.0	- 5.0	99.8	+ 9.2	26. Salt Lake City	153.1	+22.0	127.6	+20.0
12. Detroit	153.9	+15.8	148.7	+ 3.5	27. Portland and Seattle	154.3	+17.2	142.5	+ 8.3
13. Milwaukee	138.8	+ 8.3	121.4	+14.3	28. San Francisco	125.5	+12.9	123.1	+ 1.9
14. Minneapolis and St. Paul	120.5	+ 0.8	115.0*	+ 4.8	29. Los Angeles	124.0	+ 5.5	118.9	+ 4.3

Indexes may be obtained about the end of the following month.

+ Unavailable. * Revised.



TRADE ACTIVITY—A REGIONAL SUMMARY

1. NEW ENGLAND REGION

AUG., 100.6 JULY, 95.4 AUG. 1941, 102.2
UNADJUSTED: AUGUST, 88.1; JULY, 87.8

AUGUST—Barometer comparison with 1941 remains less favorable than country. Boston wholesale trade off 6% from 1941; Springfield up 5%, Portland steady. Crop conditions good, particularly in New Hampshire and Vermont. Large industrial employment gains over 1941 in Hartford, Springfield; Rhode Island payrolls 17% above 1941. Retail collections generally better than July.

SEPTEMBER—New England department store sales 10% above a year ago. General stores in rural area helped by gasoline rationing. Harvesting begun on unusually large Cape Cod cranberry crop.

2. NEW YORK CITY REGION*

AUGUST—Retail trade made substantial gains over last month and narrowed decline below a year ago. Manufacturing activity increased from July, stimulated by a continued pick-up in the apparel, metals and machinery, and food industries. Factory employment in New York City was 3% above last year, payrolls up 17%. Trade payrolls continued their seasonal decline; wholesale fell 3% below a year ago, retail held steady. Retail collections showed an improvement in the month.

SEPTEMBER—New York City department store sales were 3% below 1941. Garment manufacturing expanded in month but did not reach last year's levels. New York City employment stimulated by some new war contracts and seasonal pick-up in needle trades.

* Barometer not available.

3. ALBANY AND SYRACUSE REGION

AUG., 127.0 JULY, 112.2 AUG. 1941, 124.5
UNADJUSTED: AUGUST, 121.7; JULY, 109.3

AUGUST—Barometer gain over July larger than country; increase over 1941 less than country. Albany wholesale trade up 2% from 1941, Syracuse off 1%. Pear and grape crops above a year ago. Payrolls generally up in month; Albany area 35% above 1941, Binghamton area 18%, Syracuse 15%, Utica 55%, Poughkeepsie 36%. Retail collections steady with July, often above 1941.

SEPTEMBER—Hay yield at record levels; apple crop successfully harvested. Employment in Binghamton shoe industry declines. Gloversville leather glove industry troubled by loss of workers and material shortages.

4. BUFFALO AND ROCHESTER REGION

AUG., 113.2 JULY, 98.9 AUG. 1941, 111.9
UNADJUSTED: AUGUST, 106.5; JULY, 95.9

AUGUST—Barometer gain over a year ago less than increase for whole country. Buffalo wholesale trade 2% above 1941; Rochester up 3%. June farm income 28% higher than a year ago. Factory employment increased in month to reach new high; payrolls up 33% from 1941 in Buffalo, 21% in Rochester. Collections steady to better than a year ago.

SEPTEMBER—Buffalo department store sales 14% above 1941; Rochester up 9%. Flour milling running above last year. Construction activity on new plants and additions spurs employment in Buffalo, Jamestown.

5. NORTHERN NEW JERSEY REGION

AUG., 108.6 JULY, 99.0 AUG. 1941, 109.5
UNADJUSTED: AUGUST, 97.3; JULY, 89.9

AUGUST—Barometer decline from a year ago contrasts with gain for the entire country. Newark wholesale trade 20% above last year; 2% above July. Excessive rains hurt truck crops somewhat; curtailed harvesting operations. Industrial payrolls well above last year, gains of 15% in Elizabeth area. Collections unchanged from previous month, better than a year ago.

SEPTEMBER—Newark department store sales 3% below a year ago. Wage increase granted to nearly 3,000 Edgewater factory workers. Collections generally improved over a year ago.

6. PHILADELPHIA REGION

AUG., 109.5 JULY, 95.3 AUG. 1941, 114.9
UNADJUSTED: AUGUST, 92.2; JULY, 85.8

AUGUST—Barometer decline from 1941 in contrast to gain for country. Philadelphia wholesale trade 25% below 1941. Wet weather adversely affects peach, grape, tomato crops; apple yield good. Payrolls up from July; largest gains over last year in Philadelphia, Wilkes-Barre, Williamsport, and Wilmington. Collections frequently better than a year ago.

SEPTEMBER—Philadelphia area department store sales 14% above last year. Rains further reduced tomato prospects; labor shortages felt in fields as well as by packers. Hard coal mines continue on five-day week.

7. PITTSBURGH REGION

AUG., 116.5 JULY, 101.1 AUG. 1941, 122.6
UNADJUSTED: AUGUST, 102.8; JULY, 92.7

AUGUST—Barometer change from last month more favorable than country; decline from last year against country trend. Pittsburgh wholesale trade 10 to 15% below 1941; Erie up 2%, Charleston 10%. Crops satisfactory though rain adversely affected yields in some areas. Industrial payrolls up in month, Erie 32% above 1941, Pittsburgh up 14%. Collections generally better than a year ago.

SEPTEMBER—Pittsburgh department store sales 3% above 1941. Steel mills in Pittsburgh and Youngstown close to capacity operations. New plants in operation in Huntington increase employment, payrolls.

8. CLEVELAND REGION

AUG., 143.5 JULY, 127.1 AUG. 1941, 139.2
UNADJUSTED: AUGUST, 124.8; JULY, 115.7

AUGUST—Barometer gains over last year close to increase for country. Cleveland wholesale trade 10% above 1941, Akron 11%, Toledo 4%. Ohio farm income 56% above a year ago in June. Wet weather caused some damage to tomato and grape crops. Employment and payrolls generally up in month. Cleveland industrial employment 14% above 1941. Collections steady to better than July.

SEPTEMBER—Cleveland department store sales 14% above a year ago, Akron 30%, Toledo 18%. Factory employment shows gains in month in Cleveland and Toledo. Steel rate averages 99% of capacity.

9. CINCINNATI AND COLUMBUS REGION

AUG., 147.7 JULY, 130.9 AUG. 1941, 140.8
UNADJUSTED: AUGUST, 125.5; JULY, 117.8

AUGUST—Barometer gain in month and year better than country. Cincinnati wholesale trade 8% above 1941, Columbus steady. Corn, soybean crops excellent; rains affect harvest conditions. Columbus employment 13% above 1941; payroll gains of over 30% in Cincinnati and Columbus better than Dayton increases. Collections steady with July, above last year.

SEPTEMBER—Cincinnati department store sales 8% above 1941; Columbus up 12%. Small stores show best retail trade gains. Harvesting of corn, apples, tomatoes draws workers to fill farm labor demand.

10. INDIANAPOLIS AND LOUISVILLE REGION

AUG., 166.3 JULY, 150.8 AUG. 1941, 154.4
UNADJUSTED: AUGUST, 140.5; JULY, 137.8

AUGUST—Barometer increase over 1941 better than country changes. Indianapolis wholesale trade 20% below 1941; Louisville off 5%. Corn, potato crops above average; tobacco, wheat, and fruits below 1941. Payrolls above a year ago in Indianapolis, Fort Wayne; in Louisville even with 1941 when construction boom was at peak. Collections steady to better than a year ago.

SEPTEMBER—Indianapolis department store sales 16% above 1941; Louisville unchanged. Private building permits issued at depression lows. Employment expanding in Bloomington, Evansville, Gary, Kokomo.

11. CHICAGO REGION

AUG., 109.0 JULY, 99.8 AUG. 1941, 114.7
UNADJUSTED: AUGUST, 97.2; JULY, 89.7

AUGUST—Barometer below last year in contrast to gain made by country. Chicago wholesale trade 8% below 1941. Rain and warm weather favorable to crops; corn, oats, soybeans excellent. Industrial payrolls up in month; best gains in Quincy, Freeport, Moline. South Bend payrolls 46% above a year ago. Collections generally better than a year ago.

SEPTEMBER—Chicago department store sales steady with last year. Dairymen feel labor shortages acutely. Cold snap caused some damage to corn, soybean, and late vegetable crops. Steel rate advances to near 103% of capacity.

12. DETROIT REGION

AUG., 153.9 JULY, 148.7 AUG. 1941, 132.9
UNADJUSTED: AUGUST, 126.2; JULY, 127.9

AUGUST—Barometer gain over 1941 much better than country; change from July less favorable. Detroit wholesale trade 5% above 1941; Grand Rapids off 15%. Crops generally good; beans excellent, potatoes suffer some blight damage. Fruit yields above average. Industrial employment 23% above 1941 in Detroit; below 1941 in Grand Rapids. Collections above 1941.

SEPTEMBER—Detroit department store sales 5% above last year. Outlying stores show best gains in Grand Rapids area. Detroit employment still expanding; steel rate reached 109% of capacity, the year's high.

THE MATERIAL IN THE PARAGRAPH SUMMARIES COVERS MONTH OF AUGUST AND THREE WEEKS OF SEPTEMBER.

THE BAROMETERS

The barometers are composite indexes compiled by Dr. L. D. H. Weld, Director of Research, McCann-Erickson, Inc.; the years 1928-1932 equal 100. In each paragraph the indexes on the first line are adjusted for seasonal variation; those on the second line are unadjusted. References in the paragraphs are to the adjusted indexes. A table of barometer figures and a map of relative changes in trade by regions are on page 19.

THE SUMMARIES

The estimates of trade changes and other reports in the paragraphs are based upon opinions and comments of business men in various lines of trade, gathered and weighed by the local DUN & BRADSTREET offices. Department store sales are from the Federal Reserve Board; payroll and employment figures from State Labor Departments and the U. S. Bureau of Labor Statistics.

CITY LIST

In the narrow columns below, the check transaction figures are bank debits published by the Federal Reserve Board; the retail sales estimates are from local DUN & BRADSTREET offices.

The relative change in trade activity in various cities throughout the country in August 1942 as compared with August 1941 is reflected by the figures below. Percentage changes are for retail trade estimates (italics) and check transactions.

1. NEW ENGLAND

Bangor - 1
Boston - 2 + 8
Brooklyn +11
Burlington -15
Fall River + 7
Hartford + 5 +30
Holyoke + 7
Lowell +12
Lynn 0
Manchester -10 - 1
New Bedford + 5 +10
New Haven + 2 + 6
Portland +12 +74
Providence + 4 +20
Springfield - 3 +41
Waterbury + 7
Worcester -5 + 6

6. PHILADELPHIA

Williamsport + 4 +39
Wilmington - 5 + 6
York - 8 +13

7. PITTSBURGH

Butler - 4
Charleston - 3 +12
Erie - 5 + 9
Franklin +20
Greensburg - 3
Homestead 0
Huntington - 1 +35
Oil City + 3
Parkersburg + 4
Pittsburgh -16 + 7
Sharon +18
Warren +28
Wheeling 0
Youngstown - 5 0

2. NEW YORK CITY

Bridgeport 0
New York City - 8* +13
Stamford - 4
*Department stores only.

3. ALBANY AND SYRACUSE

Albany +38
Binghamton + 5 + 9
Poughkeepsie + 1
Syracuse - 3 +13
Utica - 6 + 7

4. BUFFALO AND ROCHESTER

Buffalo + 5 +10
Elmira +10 +48
Jamestown +16
Rochester + 6 + 7

5. NORTHERN NEW JERSEY

Jersey City - 2
Montclair + 1
Newark 0 +19
Passaic +27

6. PHILADELPHIA

Allentown - 2 - 3
Altoona - 9
Camden +23
Chester +37
Harrisburg + 7 +18
Hazleton + 2
Johnstown + 7
Lancaster + 3 + 7
Lebanon + 7
Norristown + 2
Philadelphia - 3 - 1
Reading + 4 -20
Scranton -16 + 1
Trenton + 1 -10
Wilkes-Barre 0 + 9

8. CLEVELAND

Akron + 2 +28
Canton - 8 +16
Cleveland + 3 + 7
Hamilton + 5
Lima - 1 +20
Lorain -11
Toledo + 2 +17

9. CINCINNATI AND COLUMBUS

Cincinnati + 2 +14
Columbus -10 + 8
Dayton +17
Lexington +30
Midletown + 1
Springfield +11
Steubenville -17
Zanesville 0

10. INDIANAPOLIS AND LOUISVILLE

Evansville +10 +40
Fort Wayne + 3 +24
Indianapolis 0 +21
Louisville -10 +14
Owensboro +35
Terre Haute + 5 +18

11. CHICAGO

Aurora - 2
Bloomington +18
Champaign-Urbana + 2
Chicago - 7 +12
Danville + 3
Decatur +22
Elgin + 2
Gary + 8
Hammond +11
Moline + 3
Peoria - 2 + 6
Rockford + 4 +20
South Bend + 5 +12
Springfield - 2 +21

U. S. TRADE BAROMETER: ADJUSTED: AUG. 124.6, JULY 111.4, AUG. 1941 120.4; UNADJ., AUG. 108.7, JULY 101.4

The relative change in trade activity in various cities throughout the country in August 1942 as compared with August 1941 is reflected by the figures below. Percentage changes are for retail trade estimates (italics) and check transactions.

12. DETROIT

Adrian	+15
Battle Creek	+8
Bay City	+16
Detroit	+15 +31
Flint	+5
Grand Rapids	-10 -2
Jackson	+21
Kalamazoo	+3
Lansing	+45
Saginaw	-15 +3

17. KANSAS CITY

Okmulgee	-3
Pittsburg	+47
St. Joseph	-12 +20
Salina	+61
Topeka	+3 +22
Tulsa	+8 +11
Wichita	+19 +42

18. MARYLAND AND VIRGINIA

Baltimore	+10 +22
Bristol	+2
Cumberland	-5
Danville	+44
Hagerstown	+12
Lynchburg	-20 0
Newport News	+31
Norfolk	+20 +35
Portsmouth	+57
Richmond	+5 +28
Roanoke	-7 -12
Washington	+5 +12

13. MILWAUKEE

Green Bay	+3 +6
Manitowoc	+25
Milwaukee	0 +21
Oshkosh	+11
Sheboygan	+13

14. MINNEAPOLIS AND ST. PAUL

Aberdeen	-9
Billings	-12 -4
Bismarck	-5
Butte	-10 -4
Dickinson	-9
Duluth	+4 -17
Eau Claire	+23
Fargo	0 +9
Grand Forks	-11
Great Falls	-2 +15
Helena	+15
Ironwood	-6
Jamestown	+2
La Crosse	+5 +2
Mankato	-4
Marquette	0
Minneapolis	+8 +7
Minot	-7
Red Wing	-7
Rochester	-11
St. Cloud	-2
St. Paul	-2 +5
Sioux Falls	+12 +35
So. St. Paul	+42
Superior	+28
Winona	-6

15. IOWA AND NEBRASKA

Cedar Rapids	-6 +6
Clinton	+24
Davenport	-2 +3
Des Moines	+2 +15
Dubuque	0 +5
Fremont	+36
Lincoln	+2 +31
Mason City	+5
Muscatine	+15
Omaha	+5 +30
Sioux City	+2 +25
Waterloo	-2 +5

16. ST. LOUIS

East St. Louis	+28
Quincy	0 +7
St. Louis	-5 +18
Sedalia	+10
Springfield	-5 +14

17. KANSAS CITY

Atchison	+22
Bartlesville	-2
Emporia	+20
Enid	-11
Guthrie	+2
Hutchinson	-9
Independence	+20
Joplin	+17
Kansas City	+9 +13
Lawrence	+21
Muskogee	+94
Oklahoma City	+1 +19

BAROMETERS FOR TWENTY-NINE REGIONS

13. MILWAUKEE REGION

AUG., 138.8 JULY, 121.4 AUG. 1941, 128.2

UNADJUSTED: AUGUST, 122.4; JULY, 115.8

AUGUST—Barometer gains much better than country. Milwaukee wholesale trade off 5% from 1941. Pasture good to excellent; milk, egg production above last year. June farm income 39% above 1941. Industrial payrolls up in month, increases range from 25% to 45% above last year. Collections steady in month, above 1941.

SEPTEMBER—Milwaukee department store sales 25% above a year ago. Madison employment increased by large construction project; Fond du Lac, West Allis payrolls well above 1941. Paper mill activity picking up moderately.

14. MINNEAPOLIS AND ST. PAUL REGION

AUG., 120.5 JULY, 115.0* AUG. 1941, 119.5*

UNADJUSTED: AUGUST, 118.5; JULY, 116.3*

AUGUST—Barometer gains over last month and last year below country increases. Duluth wholesale trade 15% above 1941; Minneapolis off 10%, Great Falls steady. Harvests good, in some areas at record levels. Frost hurt garden crops in Duluth section. Employment and payrolls above 1941; mining and meat packing activity at peak levels. Collections fair to good.

SEPTEMBER—Severe rain, snow, sleet storms causing large damage hampered retail sales in St. Paul area; destroyed several crops. Butte, Billings trade below 1941. Great Falls and Provo show increases. *Revised.

15. IOWA AND NEBRASKA REGION

AUG., 119.6 JULY, 98.6 AUG. 1941, 107.3

UNADJUSTED: AUGUST, 102.7; JULY, 95.5

AUGUST—Barometer increases much larger than for country as a whole. Sioux City wholesale trade off 4% from 1941, Des Moines up 3%, Omaha 22%. Record crops of soybeans, hay; Iowa corn yield prospects highest ever recorded for any State. Barley, flaxseed below expectations. Farmers' income at high levels. Industrial payrolls generally up from July, in Iowa 19% above 1941. Collections improved over last year.

SEPTEMBER—Nebraska department store sales 10% above a year ago. Dubuque sash and door mill activity steady with recent months. Emigration of workers after completion of Lincoln construction project hits trade.

16. ST. LOUIS REGION

AUG., 126.1 JULY, 117.8 AUG. 1941, 120.5

UNADJUSTED: AUGUST, 111.5; JULY, 101.5

AUGUST—Barometer gain from July less than country; yearly increase somewhat better than country. Springfield wholesale trade 5% above 1941, St. Louis steady with a year ago. Missouri farm income 49% above last year in June. Corn, soybeans good; cotton prospects below 1941, grains off slightly. Livestock prices good, feed crops excellent. Employment and payrolls above a year ago. Collections steady with July.

SEPTEMBER—St. Louis department store sales slightly below a year ago. New plant at Quincy expands production, increases hirings. St. Louis steel mill operations drop to 94% of capacity.

17. KANSAS CITY REGION

AUG., 131.2 JULY, 113.8 AUG. 1941, 119.2

UNADJUSTED: AUGUST, 118.2; JULY, 108.2

AUGUST—Substantial barometer gains exceed country increases. Kansas City wholesale trade 14% above a year ago; Oklahoma City off 5%. Wheat, corn crops excellent; flaxseed prospects decline, pecan crop light. June farm income up 34% above 1941 in Oklahoma, Kansas City 47%. Employment and payrolls well above last year. Collections steady to better than July.

SEPTEMBER—Kansas City department store sales 30% above 1941, Wichita 29%, St. Joseph 12%, Tulsa 24%, Oklahoma City 31%. New housing project in Wichita increases payrolls. Oklahoma cotton crop hurt by rains and low temperatures, yield reduced.

18. MARYLAND AND VIRGINIA REGION

AUG., 167.8 JULY, 153.3 AUG. 1941, 155.8

UNADJUSTED: AUGUST, 142.0; JULY, 135.1

AUGUST—Barometer gain over a year ago better than country. Baltimore wholesale trade 10% above last year, Norfolk 15%, Richmond 12%. Tobacco, peanut, apple prospects above 1941. Tomato crop subnormal. Payrolls well above last year in Baltimore, Richmond. Shipbuilding, airplane, cotton, cigarette industries at capacity. Collections steady to better than a year ago.

SEPTEMBER—Baltimore department store sales 14% above 1941, Washington up 15%. Opening of tobacco markets advanced. Lynchburg trade down as workers leave for jobs in war centers.

19. NORTH AND SOUTH CAROLINA REGION

AUG., 190.9 JULY, 168.0 AUG. 1941, 156.5

UNADJUSTED: AUGUST, 173.3; JULY, 149.0

AUGUST—Barometer records one of best gains over a year ago in country. Charleston, Greensboro wholesale trade up 10% from last year, Winston-Salem 5%, Wilmington steady with 1941. Generally favorable growing season results in good tobacco, peanut, cotton crops. Payrolls steady with July, well above last year in Columbia, Charleston. Collections better than 1941.

SEPTEMBER—Charleston bank clearings 20% above 1941. Prices higher than last year at tobacco markets. Cotton picking making good progress; crop excellent. High Point furniture manufacturers operating at high levels.

20. ATLANTA AND BIRMINGHAM REGION

AUG., 180.2 JULY, 161.8* AUG. 1941, 166.1

UNADJUSTED: AUGUST, 164.2; JULY, 140.9*

AUGUST—Barometer gain over July same as country; gain over a year ago more favorable than country. Atlanta wholesale trade up 5% above a year ago, Nashville 10%; Birmingham off 5%. Fruit crops good, some damage to tobacco crops from wet weather. June farm income 35% above last year in Georgia, Tennessee up 23%. Industrial payrolls in Alabama about 50% above 1941. Collections steady to better than July, above last year.

SEPTEMBER—Atlanta department store sales off 3% from 1941, Nashville up 17%. Ample moisture benefits cotton crop; picking near completion in some sections. Textile, cement, coke industries working at capacity. *Revised.

21. FLORIDA REGION

AUG., 206.8 JULY, 160.8 AUG. 1941, 193.1

UNADJUSTED: AUGUST, 153.7; JULY, 137.8

AUGUST—Barometer made wide gain over July; comparison with year ago better than country. Jacksonville wholesale trade 1% below 1941, Miami off 10%; Tampa up 15%. Season favorable for most crops; citrus outlook good, sugarcane slightly below normal. Industrial employment well above last year, payrolls up over 30%. Collections steady to better than last year.

SEPTEMBER—Miami department store sales continue below 1941. Jacksonville trade benefited by increased employment in war industries and influx of military personnel in area generally. Cigar industry very active.

22. MEMPHIS REGION

AUG., 159.8 JULY, 134.4 AUG. 1941, 141.3

UNADJUSTED: AUGUST, 132.8; JULY, 121.2

AUGUST—Barometer gains over last month and last year greater than for country. Memphis wholesale trade 8% above 1941. Crop conditions mostly favorable; bean, peanut yields large, sweet potatoes moderately above last year, rice improved. Payrolls well above last year stepped up by activity in beverage, garment industries, building trades, lumber mills. Collections steady in month.

SEPTEMBER—Memphis department store sales 21% above a year ago, Little Rock up 38%. Cotton picking making good progress in Tennessee and Mississippi; delayed by rains in Little Rock area. Crop condition generally good.

23. NEW ORLEANS REGION

AUG., 146.1 JULY, 135.8 AUG. 1941, 143.4

UNADJUSTED: AUGUST, 130.3; JULY, 120.3

AUGUST—Barometer changes from last year less favorable than for country. New Orleans wholesale trade 15% above a year ago. June farm income 18% above 1941 in Mississippi, off 6% in Louisiana. Corn, sugarcane crops excellent, rains lowered rice yields, pecans poor. Payrolls strongly above a year ago, gains in Louisiana larger than in Mississippi. Collections above last year.

SEPTEMBER—Weather conditions for cotton crop somewhat improved but recent persistent rains have done some damage. New personnel at ordnance training center in Florida benefiting trade. Crude oil output 1% above 1941.

24. TEXAS REGION

AUG., 176.1 JULY, 155.7 AUG. 1941, 157.7

UNADJUSTED: AUGUST, 149.0; JULY, 135.0

AUGUST—Good barometer gain over last year; increase from July better than country. Dallas wholesale trade 15% above 1941, Fort Worth 20%, Shreveport 5%; Houston off 5%, San Antonio 3%. Gulf hurricanes caused property damage, destroyed 10 to 15% of rice crop. Factory payrolls above 1941, largest gains in Beaumont, Fort Worth, Abilene, and Waco. Collections above 1941.

SEPTEMBER—Dallas department store sales 7% above last year, Fort Worth 19%, Houston 14%, Lubbock, Amarillo trade benefited by war projects. Labor shortage felt as cotton picking progresses, weather favorable.

BAROMETERS FOR TWENTY-NINE REGIONS

25. DENVER REGION

AUG., 148.7 JULY, 135.7 AUG. 1941, 134.7

UNADJUSTED: AUGUST, 142.3; JULY, 125.3

AUGUST—Barometer gain over 1941 again one of best in country, increase from July less than country. Denver wholesale trade 13% below a year ago, Albuquerque up 5%. Rains helped crops and ranges, early potatoes excellent. Fruit prices good. Payrolls and employment steady to above 1941, Denver shows outstanding gains. Collections steady with July, above 1941.

SEPTEMBER—Department store sales in Denver about 25% above a year ago. Tight labor supply condition in mines helped by stabilization of workers in copper, other non-ferrous metal industries by War Man Power Commission.

26. SALT LAKE CITY REGION

AUG., 153.1 JULY, 127.6 AUG. 1941, 125.5

UNADJUSTED: AUGUST, 136.6; JULY, 115.9

AUGUST—Outstanding barometer gains over last year and last month much better than country. Salt Lake City wholesale trade 2% below last year, Boise 15% above. June farm income above country average in Utah, below in Idaho. Potato and bean crops well above last year. Industrial employment ahead of 1941 in Salt Lake City area, steady in Boise. Collections better than 1941.

SEPTEMBER—Salt Lake City department store sales 34% above last year. Ogden, Provo trade substantially above 1941; trade activity in rural and small mining communities dull. Sugar beet crop outlook excellent.

27. PORTLAND AND SEATTLE REGION

AUG., 154.3 JULY, 142.5 AUG. 1941, 131.7

UNADJUSTED: AUGUST, 146.1; JULY, 136.7

AUGUST—Barometer gain over 1941 better than country; advance from July less than country. Seattle wholesale trade 5% above a year ago. Portland up 21%. Apple crop

slightly above 1941, largest in recent years. Range conditions above average but below last year. Tuna fish catch moderate, halibut below 1941. Industrial payrolls expanding. Collections steady to above 1941.

SEPTEMBER—Portland department store sales 21% above a year ago, Seattle up 27%. Cannery packs in Portland area below 1941. Government stabilization order in lumber and mining industries relieves tight labor situation.

28. SAN FRANCISCO REGION

AUG., 125.5 JULY, 123.1 AUG. 1941, 111.2

UNADJUSTED: AUGUST, 121.0; JULY, 111.9

AUGUST—Small barometer gain over July; increase over last year greater than country. San Francisco wholesale trade 7% above a year ago. Grape, plum, peach harvests near completion, yield good. General crop situation good. Industrial payrolls expanding well above 1941, up 131% in San Francisco, employment below last year in Fresno, Sacramento. Collections steady to better than 1941.

SEPTEMBER—Oakland department store sales 44% above 1941, San Francisco up 26%. Sub-contracting on war contracts improving activity in Sacramento. Farm labor shortage problem continues.

29. LOS ANGELES REGION

AUG., 124.0 JULY, 118.9 AUG. 1941, 117.5

UNADJUSTED: AUGUST, 118.4; JULY, 110.0

AUGUST—Barometer gain over 1941 more favorable than increase for country. Los Angeles wholesale volume 20% above last year, Phoenix up 4%. Truck harvests good. Orange shipments at record levels; lemons, grapefruits slower. Arizona ranges dry but livestock in good condition. Industrial payrolls 82% above 1941 in Los Angeles. Collections better than last year.

SEPTEMBER—Los Angeles department store sales 23% above 1941. New war plant construction and expansion throughout area benefits trade. Copper, lead, zinc mining at peak levels. Payroll gains in Phoenix, San Diego.

U. S. TRADE BAROMETER: ADJUSTED: AUG. 124.6, JULY 111.4, AUG. 1941 120.4; UNADJ., AUG. 108.7, JULY 101.4

The relative change in trade activity in various cities throughout the country in August 1942 as compared with August 1941 is reflected by the figures below. Percentage changes are for retail trade estimates (italics) and check transactions.

24. TEXAS

Beaumont	+24	+23
Corsicana	+13	+13
Dallas	+5	+24
El Paso	+11	+28
Fort Worth	+20	+33
Galveston	+10	+12
Houston	+5	+18
Lubbock	+15	+15
Port Arthur	+45	+19
Roswell	+19	+19
San Antonio	+10	+20
Shreveport	+5	+24
Texarkana	+37	+37
Tucson	+64	+64
Tyler	0	0
Waco	+20	+43
Wichita Falls	+5	-4

27. PORTLAND AND SEATTLE

Bellingham	+13	+13
Eugene	+10	+10
Everett	+18	+18
Portland	+11	+43
Salem	+16	+16
Seattle	+10	+30
Spokane	0	+36
Tacoma	+15	+53
Walla Walla	+10	+10
Yakima	+11	+11

28. SAN FRANCISCO

Bakersfield	-9	-9
Berkeley	+1	+1
Fresno	-10	-5
Oakland	+15	+57
Reno	+30	+30
Sacramento	+3	+8
San Francisco	+5	+21
San Jose	+12	+12
Santa Rosa	-3	-3
Stockton	+23	+23

25. DENVER

Albuquerque	0	+8
Casper	+20	+20
Cheyenne	+16	+16
Colorado Springs	+86	+86
Denver	+4	+19
Grand Junction	-2	-2
Pueblo	+13	+13

26. SALT LAKE CITY

Boise	+15	+41
Ogden	+58	+58
Salt Lake City	+14	+22

29. LOS ANGELES

Long Beach	+38	+38
Los Angeles	+3	+15
Pasadena	-8	-8
Phoenix	+6	+27
Riverside	+7	+7
San Bernardino	-16	-16
San Diego	+14	+125
Santa Barbara	-3	-3

SIGNIFICANT BUSINESS INDICATORS

COMPILED BY THE STATISTICAL STAFF OF "DUN'S REVIEW"

More detailed figures appear in "DUN'S STATISTICAL REVIEW." Back figures available upon request.

Wholesale Food Price Index

The Index is the sum of the wholesale price per pound of 31 commodities in general use.

1942	1941
Oct. 6.....\$3.88	Oct. 7.....\$3.32
Sept. 29.....3.86	Sept. 30.....3.34
Sept. 22.....3.84	Sept. 23.....3.33
Sept. 15.....3.82	Sept. 16.....3.33
Sept. 8.....3.81	Sept. 9.....3.34
Sept. 1.....3.81	Sept. 2.....3.28
Aug. 25.....3.80	Aug. 26.....3.26
Aug. 18.....3.78	Aug. 19.....3.21
Aug. 11.....3.76	Aug. 12.....3.21
Aug. 4.....3.74	Aug. 5.....3.19
July 28.....3.72	July 29.....3.16
July 21.....3.71	July 22.....3.16
July 14.....3.69	July 15.....3.09
July 7.....3.68	July 8.....3.09
June 30.....3.68	July 1.....3.06
June 23.....3.66	June 24.....3.08
June 16.....3.67	June 17.....2.99
June 9.....3.66	June 10.....2.97
June 2.....3.66	June 3.....2.96
May 26.....3.68	May 27.....2.93
May 19.....3.69	May 20.....2.95
May 12.....3.68	May 13.....2.93
May 5.....3.68	May 6.....2.85
Apr. 28.....3.68	Apr. 29.....2.80
Apr. 21.....3.66	Apr. 22.....2.78
Apr. 14.....3.65	Apr. 15.....2.77
Apr. 7.....3.63	Apr. 8.....2.75
Mar. 31.....3.60	Apr. 1.....2.72
Mar. 24.....3.57	Mar. 25.....2.69
Mar. 17.....3.57	Mar. 18.....2.65

HIGH LOW

1942.. Oct. 6.. \$3.88	Jan. 6.. \$3.45
1941.. Dec. 30.. 3.43	Jan. 7.. 2.50
1940.. Dec. 10.. 2.49	June 18.. 2.18
1939.. Sept. 19.. 2.46	Aug. 15.. 2.13
1937.. Mar. 16.. 3.01	Dec. 28.. 2.56
1933.. July 18.. 2.08	Jan. 31.. 1.49
1929.. Feb. 28.. 3.52	Dec. 12.. 3.11
1925.. Mar. 12.. 3.82	Apr. 30.. 3.52
1919.. July 13.. 5.30	Feb. 13.. 4.58

Building Permit Values—215 Cities

	Aug. 1942	Aug. 1941	% Change	July 1942	% Change
New England	\$2,899,509	\$9,844,071	-70.5	\$1,970,388	+47.2
Middle Atlantic	5,789,042	20,073,960	-71.2	16,423,348	-64.8
South Atlantic	9,549,401	13,970,204	-31.6	4,063,852	+135.0
East Central	15,672,822	27,001,714	-42.0	19,464,474	-19.5
South Central	3,171,035	13,309,967	-76.2	3,062,813	+3.5
West Central	2,715,251	6,887,508	-60.6	1,824,054	+48.9
Mountain	752,943	3,223,935	-76.6	803,123	-6.2
Pacific	12,387,380	25,209,269	-50.8	12,861,576	-3.7
Total U. S.	\$52,937,383	\$119,520,628	-55.7	\$60,473,628	-12.5
New York City	\$1,555,627	\$8,178,498	-81.0	\$4,740,325	-67.2
Outside N. Y. C.	\$51,381,756	\$111,342,130	-53.9	\$55,733,303	-7.8

Bank Clearings for Individual Cities

(Thousands of dollars)

	Aug. 1942	Aug. 1941	% Change	July 1942	% Change
Boston	1,250,834	1,166,256	+7.3	1,422,862	-12.1
Philadelphia	2,380,000	2,280,000	+4.4	2,415,000	-1.4
Buffalo	214,800	188,206	+14.1	219,600	-2.2
Pittsburgh	888,554	792,115	+12.2	948,594	-6.3
Cleveland	762,713	687,792	+10.9	804,336	-5.2
Cincinnati	400,396	341,678	+17.2	411,044	-2.6
Baltimore	525,812	445,849	+17.9	539,402	-2.5
Richmond	270,710	227,252	+19.1	270,182	+0.2
Atlanta	426,900	365,300	+16.9	446,300	-4.3
New Orleans	274,435	224,041	+22.5	273,028	+0.5
Chicago	1,678,552	1,710,068	-1.8	1,754,638	-4.3
Detroit	1,197,756	777,944	+54.1	1,205,222	-0.6
St. Louis	580,080	492,514	+17.9	579,290	+0.1
Louisville	243,799	226,136	+7.8	248,500	-1.9
Minneapolis	432,799	416,310	+4.0	449,013	-3.6
Kansas City	685,604	564,909	+21.4	679,279	-0.9
Omaha	221,825	164,422	+34.9	217,462	+2.0
Denver	193,739	175,465	+10.4	187,587	+3.3
Dallas	352,280	302,670	+16.4	349,685	+0.7
Houston	314,752	267,846	+17.5	311,207	+1.1
San Francisco	942,303	830,351	+13.5	957,213	-1.6
Portland, Ore.	304,020	243,024	+25.2	285,702	+6.5
Seattle	335,401	252,622	+32.8	334,372	+0.3
Total 23 Cities	14,878,244	13,141,870	+13.2	15,309,518	-2.8
New York	15,464,119	14,158,275	+9.2	16,341,308	-5.4
Total 24 Cities	30,342,363	27,300,595	+11.1	31,650,826	-4.1
Daily Average	1,167,014	1,050,023	+11.1	1,217,339	-4.1

Daily Wholesale Price Index

(1930-1932 = 100)

The Index is prepared from the spot closing prices of 30 basic commodities.

	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930
Oct.	161.45	158.66	156.16	156.42	156.42	156.42	156.42	156.42	156.42	156.42	156.42	156.42	156.42
Sept.	161.34	158.49	156.16	156.42	156.42	156.42	156.42	156.42	156.42	156.42	156.42	156.42	156.42
Aug.	161.26	158.51	156.16	156.42	156.42	156.42	156.42	156.42	156.42	156.42	156.42	156.42	156.42
July	160.73	158.45	156.16	156.42	156.42	156.42	156.42	156.42	156.42	156.42	156.42	156.42	156.42
June	160.65	158.45	156.16	156.42	156.42	156.42	156.42	156.42	156.42	156.42	156.42	156.42	156.42
May	160.65	158.45	156.16	156.42	156.42	156.42	156.42	156.42	156.42	156.42	156.42	156.42	156.42
April	160.86	158.79	156.16	156.42	156.42	156.42	156.42	156.42	156.42	156.42	156.42	156.42	156.42
March	160.86	158.79	156.16	156.42	156.42	156.42	156.42	156.42	156.42	156.42	156.42	156.42	156.42
February	160.86	158.79	156.16	156.42	156.42	156.42	156.42	156.42	156.42	156.42	156.42	156.42	156.42
January	160.86	158.79	156.16	156.42	156.42	156.42	156.42	156.42	156.42	156.42	156.42	156.42	156.42

† Sunday. * Market closed.

HIGH LOW

1942.. 161.45	Oct. 1	151.54	Jan. 17
1941.. 150.54	Dec. 12	123.03	Feb. 17
1940.. 124.84	Dec. 31	112.42	Aug. 17
1939.. 124.19	Dec. 18	101.40	July 24

FAILURE RATE DECLINES IN AUGUST

FAILURES continued their mid-Summer decline with an impressive drop in August to 698 cases from 764 in July. Liabilities were off some two million dollars to \$6,781,000 from \$8,548,000. A year ago failures numbered 954 with debts of \$11,134,000.

The rate of failure reached the lowest level since the post-war period of 1919 and 1920, as DUN's Insolvency Index fell 6.5 points, or 15 per cent. Only 36.7 concerns in every 10,000 in business failed in August, as against 43.2 in July. This lower rate of failures probably compared favorably with the rate in the earlier period, although exact comparison is not possible. A year ago the index stood at 49.

The general downward trend of the failure record during this war period is evidenced by the course of the seasonally adjusted index. The August failure decline was considerably in excess of normal and the adjusted index fell 5.8 points to a low of 42.2, which represents a 20 per cent drop from the year's high point in March.

Summary: August saw a decline in failures in all main industry groups except construction. The decline was most marked in retail trade and commercial service, both of which were down 19 per cent compared with 12 per cent in wholesale trade and 8 per cent in manufacturing. These comparisons were on a daily basis, August being a longer month than July.

The decrease was fairly general over the country, with only the Dallas, St. Louis, and Minneapolis districts showing any rise. The decrease was particularly well defined in the Philadelphia and San Francisco districts which had shown less of a downtrend in the previous months than had some areas. Large failures were few in number, 4 compared with 10 last month and 12 a year ago.

Interestingly, the decline was less marked in the large cities than in the balance of the country. In fact, nearly half of the 25 largest cities experienced an increase in August failures. Compared also with a year ago, current failures were down less in the cities than in the rest of the country.

Manufacturing: The August decline of 8 per cent was a further step in a general decrease in manufacturing failures in operation since March, and it occurred in most of the important

manufacturing lines. Specifically, decreases were noted in women's clothing, printing, and in fabricated iron and steel products. An apparent increase in food lines was due to a rise in bakery failures from an unusually low number in July.

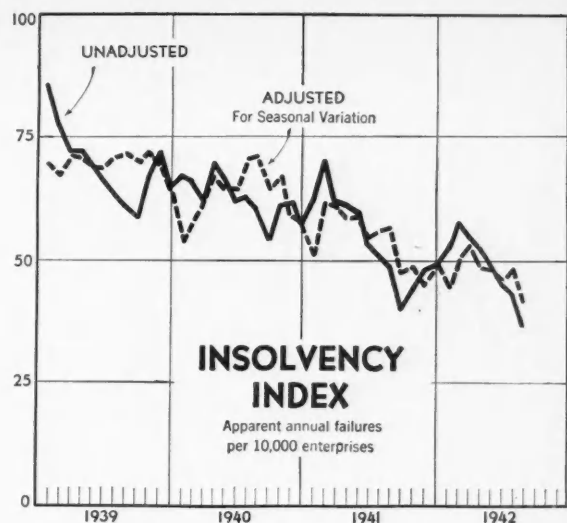
Manufacturing failures were 29 per cent lower than a year ago, compared with a 31 per cent drop in retail failures. Most of the decrease occurred in food and clothing lines, as many types of business showed little change from last year.

There were two large failures, a publishing house, and an advertising display producer.

Retail Trade: Retail failures, steady during the first five months of the year, started on a downward course in June and were carried to an unusually low point in August by a drop of 19 per cent. Defaults were sharply down in all lines except eating places. Such lines as building materials and hardware, furniture, apparel, food, and automotive products, in which failures were on the increase during the Spring, settled down again. However, drug store failures remained high and Summer, as usual, exacted a heavy toll of restaurants. Fairly large retail failures which, earlier in the year, ranged from 14 to 26 a month, dropped to 12 in August. Retail failures as a whole were 31 per cent lower than a year ago, showing more of a spread than the other principal groups, with the greatest decreases in food, clothing, building materials and hardware lines.

Other Groups: Wholesale failures dipped 12 per cent in August after remaining on a fairly even basis for the last three months. The improvement was largely in apparel and dry goods lines. Among food distributors failures increased. Construction failures have not shown as much of a decrease during the year as most of the other industry groups and again in August remained at earlier levels. Fewer failures among trucking companies caused a decrease in service failures as a whole after steady increases each month since May.

Canadian failures dropped to their lowest level this year, with a total of only 42, compared with 47 in July and 67 a year ago. Liabilities amounted to \$293,000 compared with \$233,000 last month and \$538,000 during last August.



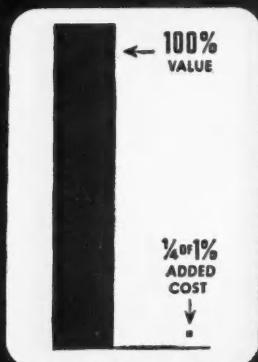
	August 1942	July 1942	August 1941	Per Cent Change
DUN'S INSOLVENCY INDEX*				
Unadjusted	36.7	43.2	49.0	-26
Adjusted, seasonally	42.2	48.0	57.0	-26
NUMBER OF FAILURES	698	764	954	-27
NUMBER BY SIZE OF DEBT				
Under \$5,000	361	377	542	-33
\$5,000-\$25,000	276	311	327	-15
\$25,000-\$100,000	54	66	73	-26
\$100,000 and over	4	10	12	-67
CURRENT LIABILITIES	\$6,781	\$8,548	\$11,134	-39
TOTAL LIABILITIES	7,021	9,489	11,949	-41

* Apparent annual failures per 10,000 enterprises.
More detailed figures appear in DUN'S STATISTICAL REVIEW.

FAILURES BY DIVISIONS OF INDUSTRY

(Current liabilities in thousands of dollars)	Number		Liabilities	
	Aug. 1942	Aug. 1941	Aug. 1942	Aug. 1941
MINING, MANUFACTURING	119	166	3,249	3,799
Mining—Coal, Oil, Miscellaneous	5	3	237	56
Food and Kindred Products	23	46	421	1,503
Textile Mill Products, Apparel	20	31	262	357
Lumber, Lumber Products	10	10	207	165
Paper, Printing, Publishing	12	18	341	712
Chemicals and Allied Products	5	5	33	61
Leather, Leather Products	4	12	50	314
Stone, Clay, Glass Products	5	3	53	55
Iron and Steel, and Products	5	8	76	280
Machinery	8	7	163	95
Transportation Equipment	2	2	22	45
Miscellaneous	20	21	384	156
WHOLESALE TRADE	61	81	999	1,439
Food and Farm Products	27	39	252	879
Apparel	2	1	7	3
Dry Goods	..	2	..	19
Lumber, Bldg. Mats., Hardware	4	2	74	64
Chemicals and Drugs	2	4	20	34
Motor Vehicles, Equipment	2	9	10	103
Miscellaneous	24	24	636	337
RETAIL TRADE	405	585	2,475	3,492
Food and Liquor	135	205	555	822
General Merchandise	14	19	48	136
Apparel and Accessories	37	72	278	380
Furniture, Home Furnishings	19	29	219	166
Lumber, Bldg. Mats., Hardware	14	30	98	334
Automotive Group	27	33	190	179
Eating and Drinking Places	93	95	722	720
Drug Stores	36	51	241	412
Miscellaneous	30	51	124	343
CONSTRUCTION	66	76	520	1,732
General Building Contractors	25	31	281	810
Building Sub-contractors	39	40	194	278
Other Contractors	2	5	45	644
COMMERCIAL SERVICE	47	46	538	672
Highway Transportation	8	11	100	192
Miscellaneous Public Services	1	1	3	12
Hotels	6	5	82	62
Cleaning, Dyeing, Repairing	5	3	12	28
Laundries	7	5	192	290
Undertakers	3	1	14	10
Other Personal Services	6	6	20	14
Business and Repair Services	11	14	115	64

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The most durable L. L. Brown ledger, instead of ordinary paper, increases accounting costs only $\frac{1}{4}$ of 1%, yet guarantees 100% protection—utmost resistance to wear. Your printer will be glad to furnish you with L. L. Brown papers.

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L. L. BROWN'S LINEN LEDGER
100% New White Linen & Cotton Fibres

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85% New Cotton Fibres

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75% New Cotton Fibres

ESCORT LEDGER & MACHINE POSTING
50% New Cotton Fibres

*Permanent
Grades



HERE and THERE in BUSINESS

WHAT'S NEW AS OBSERVED BY THE AGENCY'S REPORTERS

Foamglas—For thousands of years but few methods have been used for forming glass. To these is now added the "foaming" process developed by Pittsburgh Corning Corporation as an alternate for materials which are all largely imported.

Foamglas does not look like other glass and is much lighter. To produce it, ordinary glass is mixed with a little pure carbon and heated. The glass softens and the carbon turns into a gas which "raises" the glass like yeast does bread. By proper selection of the glass batch, the type of carbon, and by exact control over the times and temperatures used, it is possible to obtain rigid vitreous slabs in which the cells are uniformly small and entirely sealed one from another.

It floats like cork and can be used in making life-boats, life-rafts, life-preservers, and pontoon bridge supports. A large factory has been built in Pennsylvania to make it.

Magic Mirrors—When they carted 50 bales of old terminated record cards of policies—1,500,000 of them, nine tons in all—away from The Northwestern Mutual Life Insurance Company, Milwaukee, history was made, and the time for erecting any further addition to the company's building was surely postponed.

Elgin G. Fassell, one of the company's assistant actuaries and a mathematician and physicist, is responsible. For many years he had been seeking the ideal solution to the destruction of records problem, a grave one with life insurance companies.

The answer lay in microfilm, but existing machines could photograph only one side of a sheet of paper. What Mr. Fassell wanted was a machine that could photograph two sides at the same time; he did not find one so he invented one.

The 1,500,000 record cards formerly occupied 750 cubic feet of space. Now photographed front and back (3,000,000 miniature pictures) on 16mm. movie film on 100 foot strips placed in small tins they occupy only one and one-half cubic feet, a 99 per cent condensation of space.

With Mr. Fassell's machine (U. S. Patent No. 2,177,135), record cards move through a feeder slot at the rate of 130 per minute. They pass between two mirrors at 45 degree angles above and below the flat surface of the cards. The images projected from either side of the card in the mirrors are photographed as the card moves past. Other documents can be run through the machine as well.

The machine has not yet found its way to the market.

Motor Enemies—An estimated increase of the average motor's working time from 1,800 to 8,700 hours a year; the importance of continuous motor operation to the war effort; the increasing difficulty of obtaining new motors; and the lack of previous experience with electric motors on the part of thousands and thousands of new industrial workers, prompted Allis-Chalmers of Milwaukee, Wis., to issue a booklet "A Guide to Wartime Care of Electric Motors."

Ten electric motor enemies are listed, each opposing a long and healthful motor life. Enemy No. 1 is Dust. The others in order are Moisture, Stray Oil, Friction, Vibration, Misalignment, Uneven Wear, Overload, and Underload. Illustrations as well as words explain each enemy's tactics and how they can be circumvented, in 24 clarifying pages.

The guide applies to all standard, general-purpose motors. The last section, "Quick Diagnosis of Motor Ailments," is broken down into symptoms that can be seen, felt, and heard. The possible causes and cures appear beside each symptom. Free upon request to The Allis-Chalmers Manufacturing Co., Milwaukee, Wis.

Forged Head—A new airplane engine cylinder head, announced by the Wright Aircraft Corporation, gives a 12 to 15 per cent increase in engine power, is twice as strong as that previously used in development of 2,000 horsepower engines, and makes use of special milling machines operated at speeds approaching those of wood-working machinery.

The new engine head is the result of



Mrs. Parker's cooking utensils are making it hot for the Japs

Thanks to the kind of planning that wins wars, the finest of everything goes to the fighting forces. So thousands of women whose hearts were set on outfitting their kitchens with Revere Copper-Clad Stainless Steel utensils are now treasuring the pieces they were fortunate enough to get before the war.

Treasuring them but using them—hard. For the same fine materials and manufacturing techniques that are making our military machine so tough have fortified Revere Ware utensils against years of the severe usage enforced by war.

The Revere plant where these "Kitchen Jewels" were made was

able to change over smoothly and quickly to implements of war. Like all other manufacturing plants, it could rely on the Revere Technical Advisory staff for skilled help in methods of processing the unfamiliar copper alloys of wartime.

Every ounce of copper our country produces goes directly into the essentials of warfare. Fortunately, Revere is well equipped, with modern plants, improved machines, and advanced techniques to assume a heavy responsibility in the production of vital copper alloys. And Revere research is continually probing deeper into the secrets of copper to help develop still better, stouter arms for victory.



The Revere Technical Advisory Service functions in (1) developing new and better Revere materials to meet active or anticipated demands; (2) supplying specific and detailed knowledge of the properties of engineering and construction materials; (3) continuously observing developments of science and engineering for their utilization in production methods and equipment; (4) helping industrial executives make use of data thus developed. This service is available to you, free.

REVERE COPPER AND BRASS INCORPORATED

Founded by Paul Revere in 1801

EXECUTIVE OFFICES: 230 PARK AVENUE, NEW YORK



This Little Pig went to WAR

How Commercial Credit Financing is Helping War-Time Industry

FINANCING WAR CONTRACTS . . . or financing the production of any kind of commodity under war conditions . . . presents serious difficulties. Generally, it calls for considerably more working capital than many concerns are accustomed to employ.

We recently solved difficult situations for two packing houses with large Government contracts for meat-products for our fighting forces. When the financing connections of these companies proved inadequate or too restrictive, we put more than \$6,700,000 additional cash at their disposal to maintain inventories, support production and meet Federal tax payments.

MILLIONS FOR WAR-PRODUCTION FINANCING

We are prepared to work out financing plans to meet the special requirements of war-time financing in any line of industry.

Our capital and surplus of more than \$65,000,000 is available to do the job. In the past year, we supplied to our customers more than a billion dollars of cash to meet their working capital requirements. Among these are concerns engaged in such varied lines as aircraft and accessories, food products, radio, lumber, leather, paper, textiles, alcohol, machinery, metal goods, wood, plastics, electrical equipment and others.

Our service is prompt, our charges reasonable and *no interference or restriction* is placed on management. If you need cash to purchase materials, meet payrolls, buy equipment or pay taxes, wire or write for information. Address Dept. 1509.

Commercial Credit Company Baltimore

Subsidiaries: New York Chicago San Francisco Los Angeles Portland, Ore.

CAPITAL AND SURPLUS MORE THAN \$65,000,000

a forging rather than a casting process. It is extruded from bar stock, cut off, die pressed to shape. Then high speed milling machines cut the long radical cooling fins. Closer finning plus a 35 per cent increase in conductivity of the forged metal makes more efficient engine cooling. The result is a high output aircraft engine weighing less than one pound per horsepower!

Customer, Farewell — "We thought," says Centre Brass Works in a letter to its customers, "that going out of the fireplace accessory business for the duration would be pure torture . . . even though we knew that our sacrifice would be only one of many being made for our country."

"Now that we tell it to you, somehow we find a peculiar pleasure in going out. . . . A little of pain for giving up the business baby you and we raised together plus an immense satisfaction in doing something to help us all reach a brighter future . . . when it is no longer necessary to 'Remember Pearl Harbor,' you will remember Centre Brass Works."

Compregwood—Propellers are one of the latest products to be made of a new kind of laminated wood whose physical properties have been changed by plastic impregnation and die forming under heat and pressure. Resin within the wood fibers is thermally set, making the material resistant to atmospheric conditions. The polished surfaces of the steel die give the product a hard polished surface.

Specific gravity of the new material, Compregwood, is changed from that of wood to that of a plastic. Camfield Manufacturing Company, which formerly made the trays in Toastmaster sets, developed the material in collaboration with the government's Forest Products Laboratory.

Accidental—Deaths from accidents totalled 102,500 in 1941, a 6 per cent increase over 1940, says the 1942 edition of the National Safety Council's Accident Facts. Injured were 9,300,000 of which 350,000 were permanently disabled. The total calculable accident cost was \$4,000,000,000.

Motor vehicle accidents resulted in 40,000 deaths, a 16 per cent increase to an all-time high, accounting for almost

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IMMEDIATE SAVINGS IN PERSONAL, ESTATE AND COMPANY TAXES

SO DRASTIC are the increases in the proposed new tax law that your personal income taxes may be doubled, your estate, inheritance and company taxes increased by breathtaking new levies. Yet, although the law entitles you to many little known tax-saving benefits, they do not appear in newspapers. They are buried in laws, regulations, court decisions, unreadable to any but experts. It is when analyzed by an experienced staff, however, that these yield the savings opportunities reported each week in Prentice-Hall's famous weekly tax-letter, "WHAT'S HAPPENING IN TAXATION."

Fully 74 immediate tax-reducing suggestions of this kind (digested from "WHAT'S HAPPENING") are contained in a special 32-page book which will be rushed to you immediately upon receipt of the coupon on this page. They will show you the practical steps to take at once.

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"WHAT'S HAPPENING" is a weekly "communique" that keeps you posted on each new development that affects your taxes. Thus, you receive the latest suggestions for saving money, as permitted by each new law, amendment, regulation, ruling or court decision. You know where you stand. You save needless headaches and trouble. You learn the many specific choices open to you on the manner in which you report your income. You learn the simple adjustments you can make, with far-reaching economies in your tax bills.

For example, many taxpayers in the \$7,500- to \$50,000-income brackets overlook certain opportunities, to which they are entitled, on questions involving joint home-ownership, repair costs, rents, husband-and-wife returns, expenses incurred in handling investments, building-and-loan stocks, loans to relatives, U. S. War Bonds, insurance policies, gifts, real estate, stocks and bonds, and many other factors. In the case of taxes on your business, the options, choices and tax-saving opportunities are even more varied.

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15,000	210 (42.0%)
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50,000	345 (69.0%)

*Married, no minor dependents

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"WHAT'S HAPPENING" is already being profitably used by more than 20,000 tax-minded and better-income people, including business executives, investors, lawyers, accountants, Internal Revenue Agents, Congressmen and government officials. Typical comments: "WHAT'S HAPPENING" fills a great need. It is really the nicest thing that Prentice-Hall has ever done."—Leo V. Cleary, Chicago, Ill.; "We handled a transaction involving real estate as suggested in 'WHAT'S HAPPENING'—saved substantial amount of money."—Josten Manufacturing Co., Owatonna, Minn.; "Estimate savings to be \$600 to \$700."—Schaefer Bros., Aberdeen, Wash.; "The very first issue we received helped us make a substantial saving."—Metro Associated Services, N. Y. C.

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2. A free 192-page handbook to be rushed to you within 24 hours after the new law is signed to show you, at once, exactly how you are affected and what steps you can take.

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All the foregoing Prentice-Hall Tax-Saving guidance is yours for only \$1.50 per month, payable annually. As a Guaranteed Subscriber, you will be refunded, at any time during the year, whatever you have paid if you are not perfectly satisfied that "WHAT'S HAPPENING IN TAXATION" is repaying you at least 5 times its cost in taxes saved under the drastic new 1942 Federal Tax Law.

Mail the Guaranteed Subscriber coupon below—now! Your copy of IMMEDIATE SAVINGS IN PERSONAL, ESTATE AND COMPANY TAXES—also the 192-page bound book, containing a copy and explanation of the new 1942 Federal Tax Law, to be mailed within 24 hours after its enactment.

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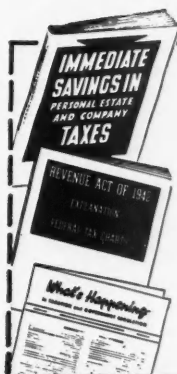
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The pictures show three kinds of inventory extensively Field Warehoused. Flour... Wool... Petroleum Products. Field Warehousing by Douglas-Guardian has been applied to over 600 kinds of commodities. If you need capital, and have inventory, here's your best bet.

Speed and MORE SPEED for production far above previous "capacity"—is the nation's need. Heavier financial burdens are imposed on companies with unprecedented orders to fill an unprecedented need for their products. Banks are eager to supply this money if there's a practical basis for a loan.

Field Warehousing by Douglas-Guardian is the answer. It speedily converts inventory into collateral and raises needed money on favorable terms. Douglas-Guardian Service goes everywhere.



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two-fifths of the accidental deaths in 1941. Injuries numbered approximately 1,450,000.

The total occupational fatality was 18,000. All industry, including agriculture, showed a 6 per cent increase, balancing the rate of employment increase. Work injuries were up 14 per cent.

However, manufacturing recorded a 30 per cent rise over 1940 as against a 17 per cent increase in employment. Special studies show that injuries in manufacturing increased more than deaths.

Riding a bicycle in 1941 was 20 per cent more hazardous on a life and death basis than it was in 1940. Nine hundred bicyclists met death colliding with motor vehicles and 37,000 were injured. Nearly half the deaths were among children between ten and fourteen years old; 260 were among those fifteen to twenty-four years old.

Special studies show that two out of every three bicyclists injured or killed in traffic accidents were violating a traffic law at the time of the accident. Failure to give right-of-way, and improper turning headed the list. No lights, either front or rear, contributed to two in five fatalities. One out of every five bicycles ridden in these accidents was defective.

Wives, Warriors—When a married man goes off to the wars from Square D Company plants the company offers his wife a job.

"The service men's wives on our payrolls," says Paul S. Knowles, personnel director, Kollsman Division, "are exceptionally industrious and conscientious workers and seem to feel it their duty to be on the job every minute of the day."

One of these put it like this: "Every time I finish a part I figure that's one more plane in the air. Maybe it will save my husband's life."

Cotton Chair—To release aluminum a company in Michigan is making airplane pilots' seats from cotton cloth and varnish. However, we're not yet at the stage where the ordinary man can take the table cloth and a paint brush, come back with a new piece of furniture. The cotton fabric must be impregnated with a Catalin laminating varnish and molded to a rigid shape.

HOW TO SIMPLIFY *PRP* RECORD KEEPING

● You can wrap your whole PRP problem in a single two-word package—*balanced inventories*. For, with all of its manifold reports and restrictions, PRP aims at nothing more than accurate gauging of your raw material needs.

But *administering* your PRP problem is a different story. It takes facts. Usable facts that are easy to summarize. Working records that are easy to analyze. And it is this need that Kardex fills by *simplifying* PRP recording.

Like this: with a Kardex system like the one shown below, many manufacturers are able to *group all items of each class of material* by PRP classification. Thus, it is a simple matter to *prepare* usage statistics, to *forecast* material requirements, and to prevent unnatural inventories that disturb the flow of current supplies.

What's more, the exclusive Kardex Graph-A-Matic signalling principle reveals, at a glance, the exact position of your inventories

in terms of weekly or monthly supply. It helps you correlate purchases with allocations, prevents overstock and understock, and is particularly helpful in preparing detailed PD-25F Interim Applications.

It is this basic "*balanced inventory*" system, shown below, that does the ground-work for the incredible new Kardex PRP Summary Record—the plan that reduces difficult PRP recording to a simple accounting procedure.

Free PRP Record Study

Remington Rand record engineers have just completed a detailed analysis of the PRP recording problem—with a documented solution. This study is based on facts gathered from actual users of the system described. You may have a free copy, without obligation, by writing Remington Rand, Buffalo, N. Y.—or phoning your local Remington Rand office.

KARDEX EQUIPMENT IS NOW AVAILABLE WITHOUT CRITICAL MATERIALS!

HERE'S A THUMB-NAIL SKETCH OF THE KARDEX INVENTORY PLAN

USE THIS DATA TO ACCUMULATE USAGE FOR PD-25 A

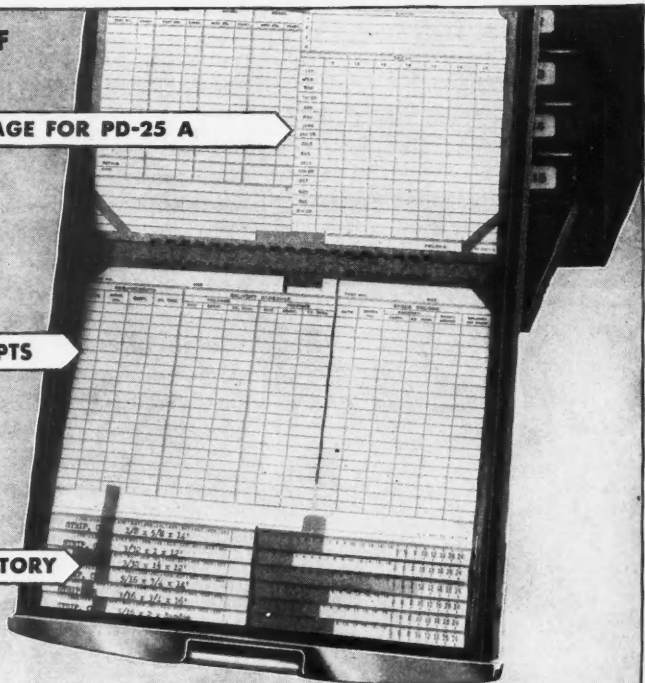
Four forms are prepared for each item stocked. To the top left form is posted the quantities needed to complete each production item. At the right, monthly usage figures are recorded on a basis of actual disbursements shown on the lower cards.

SCHEDULE OF REQUIREMENTS + RECEIPTS

The form at the left records total scheduled requirements, requirements by dates needed, and promised date of delivery. At the right, quantities received are posted, together with disbursements to show balance of stock on hand.

SIGNALS INDICATE STATUS OF INVENTORY

The signalled margin reveals quantity of stock on hand, instantly flashing conditions which may need quick corrective action to prevent overstocks and guard against supply shortages.



JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
STRIP, CR												1/8 x 5/8 x 14'
STRIP, CR												3/32 x 1 x 12'
STRIP, CR												3/32 x 1 1/2 x 12'
STRIP, CR												5/16 x 3/4 x 14'
STRIP, CR												3/16 x 3/4 x 16'
STRIP, CR												3/16 x 2 x Random

HERE'S WHAT THE VISIBLE MARGIN SAYS

BALANCED! 6 WEEKS STOCK
 SHORT! 2 WEEKS STOCK
 OVERSTOCK! 8 MONTHS STOCK
 BALANCED! 7 WEEKS STOCK
 BALANCED! 6 WEEKS STOCK
 BALANCED! 8 WEEKS STOCK

Another Kardex Wartime "Expediter"

by REMINGTON RAND INC.



EXPENSIVE CURRENT FILES

Transfer to **LIBERTY** Storage Boxes oftener

LIBERTY Boxes will do a three-way job for you: (1) make your irreplaceable current filing equipment last for the duration (2) maintain greater efficiency through frequent orderly transfer (3) keep filing and record storage costs at a minimum.

LIBERTY Boxes are built for their job. Made from the best corrugated fibreboard, strongly reinforced, dust-proof, easy to open and close, sizes for every need—these are the advantages that have made **LIBERTY** Boxes leaders in their field for the past 24 years and the choice of more than 79,000 banks and business firms.

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SAMPLE**

Attach this ad to your letterhead and mail today for a **FREE SAMPLE** and descriptive folder with sizes and prices.

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1,160 Restaurants**

... Yet This is Only Part of Our Background of Experience ...

Our Nation-wide Distributor Organization Can Bring Modern Sound-Conditioning To Any Building of Any Type or Size... Satisfaction Guaranteed.

CELOTEX
SOUND CONDITIONING

In Canada: Dominion Sound Equipments, Ltd.
THE CELOTEX CORPORATION • CHICAGO

BUSINESS AND THE WAR

(Continued from page 10)

In retailing profits, the wheel of fortune has made almost a complete revolution for automobile dealers. In 1940 they headed the list, with a larger proportion of profitable concerns than any other retail group. In 1942 there were only four trades in which the proportion of profitable concerns was smaller. Of these four, one, garages, is in substantially the same business; the other three, retailers of various types of foods and drinks, are trades in which even in normal years, the proportion of profitable concerns is relatively low. They had not substantially changed their rank.

Clothing stores of all kinds were much more generally profitable in 1942 than in 1940; the same was true of department stores which, of course, sell large amounts of clothing. Profits of filling stations, lumber and building material dealers, paint, and glass stores, farm implement dealers, and furniture stores, all showed in varying degrees, the effect of shortages and regulations.

In all three types of enterprise—manufacturing, wholesaling, and retailing—it is the larger concerns which are most commonly profitable (table VI). This phenomenon, which experience and other studies indicate is normal, doubtless explains why a larger percentage of wholesalers than retailers report profits, not only in this survey, but also in the Treasury figures. Most wholesale enterprises are larger than retail stores. It also probably explains why more wholesalers than manufacturers report profits. Although there are many manufacturing concerns which are larger than any wholesaling enterprise, the bulk are smaller in size than the average wholesaler.

On the basis of these findings the average American business man, however glumly he may view the future, has apparently little cause for complaint so far. With certain conspicuous exceptions, the sacrifices which even the less fortunate industries and trades have been asked to bear have not been unreasonable. They may have caused discomfort, inconvenience, and pain, but they are far from fatal. They are what must be expected in war time.

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DUN'S REVIEW REACHES 20,992
PRESIDENTS IN ADDITION TO MORE
THAN 30,000 OTHER EXECUTIVES.

HAMMER'S MODERN SUCCESSOR



FOR the first time in tack history!—here's a device that holds, dispenses and drives tacks—in one convenient, rapid, automatic operation. It's the Hansen One-Hand Automatic TACK Tacker.

Self-contained—automatic—holding a long strip of T-head Tacks and driving them as fast as you grip—the Hansen Tack-Tacker permits holding material with one hand and driving with other.

For fast, precision driving—on production work of all kinds requiring tacking or fastening—here's the latest, most efficient device imaginable! Drives T-head Tacks in four lengths—3/16", 1/4", 3/8" and 1/2". Investigate!

ask for
FOLDER

A. L. HANSEN MFG. CO. 5019 RAVENSWOOD AVENUE
CHICAGO, ILL.

BENCHMARKS OF RETAIL HEALTH

(Continued from page 17)

ucts. This change would indicate the appreciable influence of rising prices in showing larger inventories at the end of last year. In many individual stores, rising prices were supplemented by actual greater physical inventories as purchases of stocks were made in anticipation of evident future shortages.

That inventories expanded at a more rapid rate than sales is manifest by the widely known and widely used ratio of "net sales to inventory." This ratio is based on the relationship of net sales to the closing inventory and so is affected by changes which decrease or increase inventories, valued at cost or market whichever is lower, at the end of fiscal years. With greater net sales in 1941 one would generally expect to find a higher ratio with the inventory, but that situation was the case with a minority of the retail trades used in this study. Six out of the twelve lines showed a lower median ratio; two, namely retailers of men's and boys' clothing and retailers of lumber showed the exact same median ratio as in 1940; and four showed higher median ratios.

Increase in Current Liabilities.—Heavier current liabilities to carry the larger inventories and the expanding receivables which materialized from the increase in net sales, are indicated by the ratio of "current debt to tangible net worth." The median ratios of ten out of the twelve lines of trade went up. The current liabilities of retailers of men's and boys' clothing stores expanded the greatest, followed by retail hardware stores, chain grocers, and men's furnishings stores.

This annual study is based on a national sample of larger business enterprises and not small retail stores. Few of the business enterprises used in this study have a tangible net worth less than \$50,000. A large percentage have a tangible net worth well in excess of \$100,000, with scattered concerns in such lines as department stores worth well in excess of \$1,000,000. This field is quite a restricted one as only 4.4 per cent of the active commercial and industrial business enterprises in the United States have a tangible net worth of \$50,000 or more.

This is no time for time-wasting methods

To win this war we've got to tighten up—toughen up. We've got to do in one hour the work of three. Old habits of slackness and self-indulgence must go—in the office as in the shop. We Americans have developed the methods. Now let's use them!

For instance: how many of you users of Dictaphone dictating machines have ever realized to the full all the time-saving

advantages of Dictaphone dictation? Today, when minutes are precious and fateful, victory demands the self-discipline that will expend no useless effort—that will seek constantly for new short-cuts.

If you will make full use of your Dictaphone, work will flow more smoothly throughout your entire organization. Check your own methods on the list below:



- ☐ Dictate whenever you please without requiring the presence of a secretary
- ☐ Give oral messages to your secretary via Dictaphone
- ☐ Protect yourself against interruptions by leaving your secretary free to intercept phone calls and visitors
- ☐ Use your Dictaphone for flash ideas
- ☐ Don't interrupt your associates needlessly—dictate memos instead
- ☐ Confirm telephone calls, oral instructions and reports by dictating to your Dictaphone on the spot
- ☐ Put conference high-lights on record
- ☐ Take your Dictaphone home and on trips—it's a "second secretary" always ready to go wherever and whenever you want.

HELPING TO WIN THE WAR IS DICTAPHONE'S NO. 1 JOB TODAY



• To Dictaphone Corporation has gone the difficult task of making the precise and intricate mechanism required in the U. S. Army's remote control firing device for anti-aircraft guns.

This ingenious device enables the guns to get into action with deadly accuracy and almost incredible speed.

Thus the skill and precision developed in the manufacture of Dictaphone dictating machines are now contributing to the greatest task in all history.

Today, Dictaphone is also making Electricord recording-reproducing equipment for the U. S. Army, the Navy and other essential war services.

DICTAPHONE

ACOUSTICORD DICTATING EQUIPMENT
ELECTRICORD RECORDING EQUIPMENT

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CAUTION or PRECAUTION..

**in protecting your plant and
war production schedules**



THE DUN & BRADSTREET WAR PRODUCTION EMPLOYEE REPORT

offers the precautionary means of establishing the loyalty of employees in, and applicants for, war production jobs because they are concise presentations of personal history, family background, character and trustworthiness. Statements by employees regarding occupational record and present activity are checked by skilled investigators. As most references are former employers or commercial names, their authenticity is readily confirmed from Agency files.

DUN & BRADSTREET, INC.

There is a Dun & Bradstreet office in every industrial area in the United States. The local manager will be pleased to help you.

U. S. PLANT AND EQUIPMENT

(Continued from page 15)

ditioned space for precision operations in metal-working plants, greatly improved internal combustion engines (both electric ignition and Diesel), higher octane gasoline, air conditioning in submarines and the adjustment of air pressure in high altitude aircraft, will find far-reaching extensions into commercial peace-time uses.

Also the position of leadership in world affairs which the United States will hold after the war (even though unsupported and now undesired by some of our people) will markedly influence the character of our industrial growth. For example, our national safety will require American preeminence in the air lanes of the world. This position certainly must be based upon continual technical advancement in the design and manufacture of aircraft and may require governmental support of commercial air transportation operations.

The immediate task, that of meeting and destroying the armed forces which have been sent against us will require a total force in all arms of at least twice the number in the military services of the United States in the first World War or about four times the number actually engaged in combat during that war. From the beginning of the war in 1917 to April 1919 an expenditure of about 22 billions of dollars provided the materials and other costs of that war.

At least ten times that figure in all probability will be required in the present war. The judgment of our ablest military leaders and statesmen indicates that the task upon which the American people are now engaged will require far larger numbers in the armed forces, heavier casualties, and far greater facilities in the form of arms and other materials than in any other conflict in which we have ever been engaged.

After such a conflict the adjustments which it will be necessary for us to make cannot be contemplated in terms of a static industrial society. The solutions of the problems of the future in the United States must be found in terms of continual growth and expansion in new products and industries

and general standards of living and must recognize the preeminent position of political and economic leadership of this country in world affairs.

Many persons view with concern the possible redundancy of the post-war manufacturing facilities as a result of the unprecedented expansion of the past two years. A capacity to reduce over 2,000 million pounds of primary aluminum a year appears excessively large when compared with an apparent consumption of approximately 335 million pounds in 1937 and in 1939. And 60,000 new planes a year is five times the total number in existence, both civilian and military, in the United States in 1939 (many of these were small craft). Also a steel capacity of 100,000,000 short tons a year is of a different order of magnitude than the 53,000,000 tons produced in 1939 or 63,000,000 tons in 1929.

But of this we may be sure: Whatever the economic structure, the modes of travel, the patterns of consumption or the levels of production may be after the war, they will not be those of 1929 or 1939. Moreover the economic future of the United States in times of peace will not be greatly influenced by the productive capacity, large or small, of a few major industries. It will depend far more upon our technical ingenuity, our industrial statesmanship and upon the extent to which the social and economic institutions which develop after the war are favorable to the full utilization of our resources and the natural talents of our people.

DUN'S REVIEW

290 BROADWAY NEW YORK, N. Y.

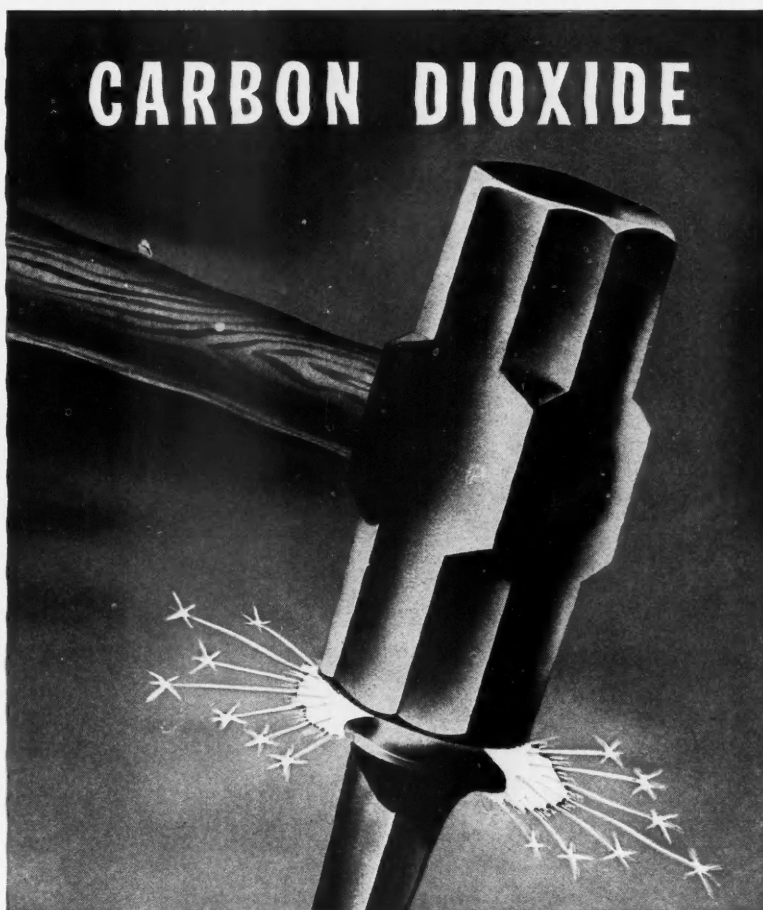
SUBSCRIPTION: \$4 a year; \$10 for three years; 35 cents a copy. Outside the United States, \$5 a year.

Willard L. Thorp, Editor; Norman C. Firth, Managing Editor and Business Manager.

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OCTOBER 1942



POWERHOUSE of energy!

EVER see carbon dioxide gas in its working clothes?

You've seen it in other ways. Carbon dioxide is the bubbles in champagne; it is the fluffiness in biscuits; it's the "head" on a glass of beer. Yet we know carbon dioxide as one of the deadliest of fire-killers. We use it that way in Kidde Extinguishers.

There's another thing about carbon dioxide . . . it is the most compressible of the industrially available gases. Under 850 lbs. pressure at 70° F. carbon dioxide is a liquid. When released, it becomes a gas, expands 450 times its former stored volume!

Harness this terrific expansion and you have a source of quickly available power, produced by the turn of a valve. There are 30,000 foot pounds of energy in a single pound of carbon dioxide.

Compressed nitrogen, for example, delivers only one-third as much energy.

Engineers of Walter Kidde & Company have designed valves which release this energy in an instantaneous burst, or which apply the power over a prolonged period, a bit at a time. We can supply "peanut-size" cartridges or big 100-lb.-capacity cylinders to hold the carbon dioxide charge.

If you have a problem involving power actuation, consider carbon dioxide. Its high factor of available energy gives this gas a tremendous significance to the aeronautical engineer. The Research and Development Department of Walter Kidde & Company has evolved interesting applications of power actuation using carbon dioxide under high pressure. Please consult us, if we can assist you.

Kidde



Walter Kidde & Company

Incorporated

1043 West St., Bloomfield, N. J.



CITATION

To The Office Workers Of America...

As contributors to the war effort, they merit your praise and recognition.

Consider what our country has gained through the spirit and ability of these men and women.

No other country has produced office workers of such alertness, ambition and progressiveness.

Nowhere else have such workers been so willing to improve their methods, so consistently eager to replace the old and slow with the new and quick.

This has resulted in the creation of a huge office machinery industry of which Underwood Elliott Fisher is proud to be a part.

Because this industry exists, our Army and Navy possess a supply of typewriters and other office machines unmatched by any of the enemy.

Because this industry exists, our

country possesses a group of manufacturing plants—*built* to supply the world's greatest needs for office machines—*now turning out* large quantities of important war materials.

Day after day we read of deserved awards to *factory* workers... here is our tribute to America's *office* workers.

And here is our promise to those workers, several million of them our valued customers.

No matter what the difficulties, our maintenance service will continue undiminished from coast to coast.

We shall continue to provide spare parts... as well as a complete line of carbon paper and ribbons unsurpassed in quality, for every make of office machine.

And we shall continue to devise and suggest methods for *conserving* their typewriters, adding and accounting machines and for *operating* these machines with greater efficiency.

Underwood Elliott Fisher

HELPS SPEED THE NATION'S VICTORY

Underwood Elliott Fisher Company, One Park Ave., New York, N. Y.



A NATIONAL program to curb inflation has been adopted. Basically, it places ceilings on billions of transactions, controlling commodity prices, wage and salary payments, and rents.

A million policemen could not enforce such a program on an unwilling population. But we all know that inflation is an enemy. How do you react when someone says, "I drove fifty miles per hour all the way, but no cop caught me," or "I finally bought one although I had to pay more than the ceiling," or "I know a trick that will get you around the salary ceiling," or "He sold me a tire on the side," or "I fooled my draft board with a fake



letter. They think I am in a defense industry," or "I helped a saboteur wreck a factory today," or "I'm the one who gave away the information that sank that ship of ours." These are all enemy acts, threatening to undermine and destroy us and must be dealt with accordingly. Enemies are not all found at the front.

Willard L. Thorp

E D I T O R

My dear Son: It was a disappointment to me that you should have missed seeing the arrival of the first railway train in Dalton. It was an historic occasion and brought out the whole town to witness the event. Whilst I looked upon the wonders of this new means of transport, my memory went back to that day when first I arrived here over the "trodden paths" on horseback in search of a suitable location for the paper mill I purposed to erect. It had taken me a week to come from Worcester. Now the steam cars accomplish it in a fraction of the time making, as they did, the initial journey from Boston to Albany in fifteen hours.

So do we gain on time and distance, all within the span of a man's life. Little did I reckon to see so much progress, but now that it is spread before me, I can envision a more rapid settlement of our western country, a closer knitting together of our people, and a wider diffusion of our natural resources and products.

It is well that we have matured our plans for a second mill and that you are now arranging for the machines to aid our hands in working it. For the coming of the railways opens up a new and larger chapter of business organization and requires that capital for these vast ventures in transportation and industry be raised from many people and many sources. This in turn opens a greater field for our papers for evidences of ownership must be created that will be as enduring as the properties themselves. And

our papers, made solely from cotton and linen fibres and made with all the care and skill we exercise, offer this longevity for these stocks and bonds. So it behooves us to increase our production, holding fast all the while to our high standards of quality, established these many years and adhered to with the utmost fidelity.

We trust your return to Dalton by the new railway may compensate you for having missed its ceremonious arrival.

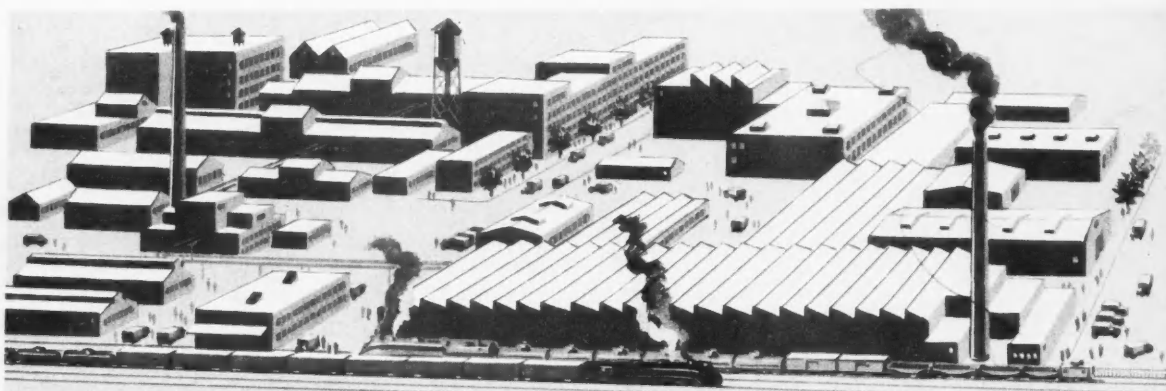
Your father,
ZENAS CRANE

Dalton, Massachusetts
December 28, 1841

NOW — as then — Crane holds fast to quality as the true test of manufacture and, by modern methods and the accumulated experience and skill of five generations, converts cotton and linen fibres into enduring, distinctive papers for letters, documents of importance and record, and tokens of value such as the United States War Bonds you are buying in aid of your country and that all men may be free.



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LET US DO THE WHOLE JOB

The insurance broker never has to say: "Sorry, my company doesn't insure risks of that class." Since he represents no insurance company, he is free to buy from any company—or many companies—and make his decisions on the basis of what is *best for you*. He is in a position to act as central clearing house for *all* your insurance contracts and to advise you continuously on *all phases* of your insurance program.

Have you ever stopped to enumerate the hazards to which your business is daily and hourly exposed? Fire, explosion, wind storm, war, marine, inland transportation, aviation, public liability, workmen's compensation, group life, pensions—these are only the most obvious. There are countless others and they are being multiplied by present-day conditions.

Does it not seem common sense to have the insurance of all these risks supervised by *some one organization* which is well informed, is

staffed with specialists in every department, and at all times represents *you*?

This is the role of the insurance broker—and when we say broker we mean a *brokerage organization* as applied to the needs of large firms or corporations. The insurance program of such concerns is no simple task and no one-man job. It requires many men versed in various subjects, many departments, many services and facilities. Yet the broker's compensation is not an extra fee from you, but a brokerage paid by the insurance companies.

Johnson & Higgins have been in business for nearly 100 years and have the experience and equipment for this complicated and difficult task. In times like these, our many services have double value. We can do the *whole* job.

* * *

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